

141 TC
3 R28

3 1761 11969320 8

Canada Commercial Intelligence
Service

The Republic of Peru

Its Development and Commercial Opportunities



BY

C. NOEL WILDE

Canadian Government Trade Commissioner in Mexico

PRICE, 25 CENTS

DEPARTMENT OF TRADE AND COMMERCE

OTTAWA, CANADA

MINISTER
HON. THOS. A. LOW

DEPUTY MINISTER
F. C. T. O'HARA

COMMERCIAL INTELLIGENCE SERVICE

H. R. POUSSETTE, Director

Printed by F. A. AGLAND, Printer to the King's Most Excellent Majesty

CAI TC
- 23 R28

The Republic of Peru

Its Development and Commercial Opportunities

BY

C. NOEL WILDE

Canadian Government Trade Commissioner in Mexico

DEPARTMENT OF TRADE AND COMMERCE

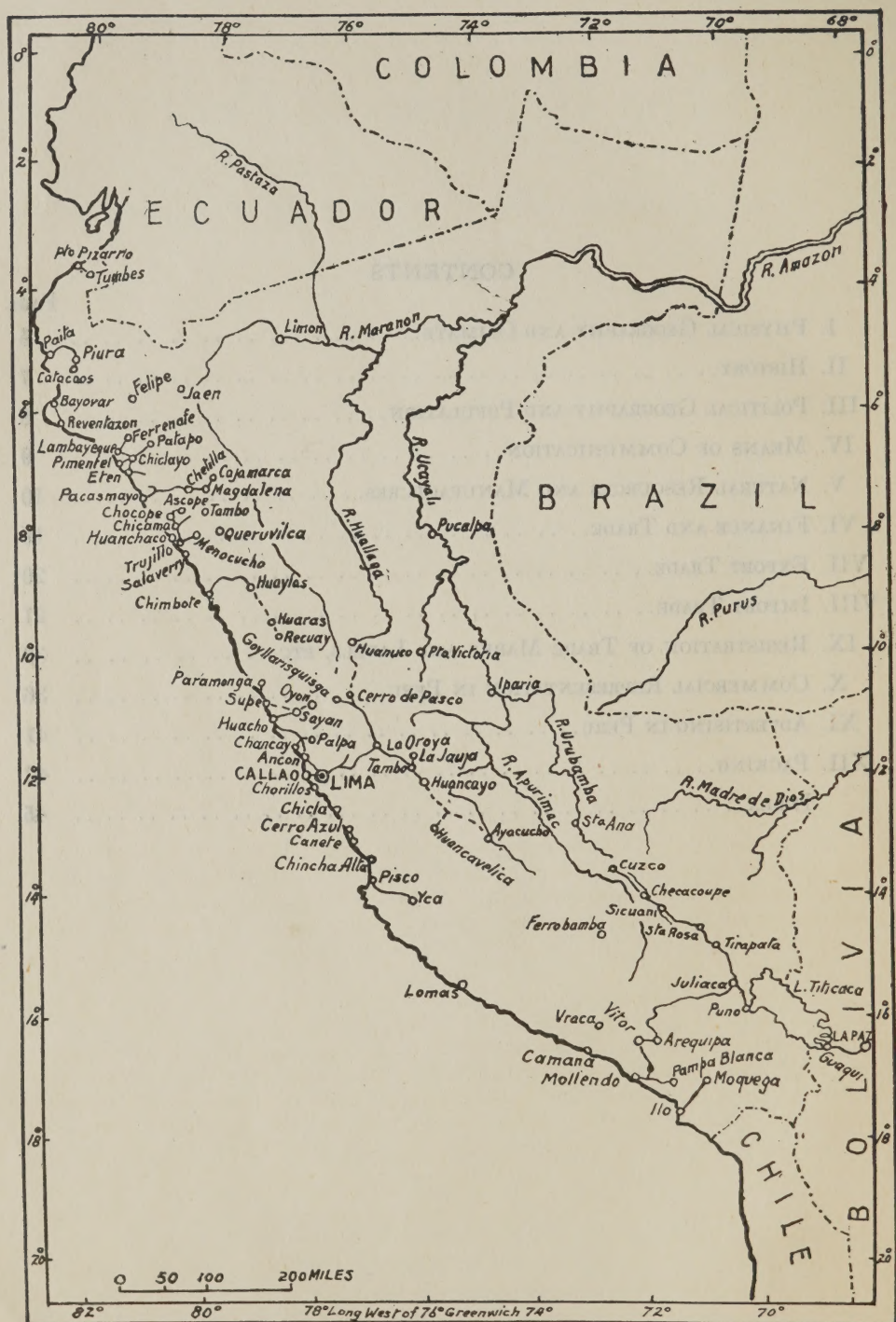
COMMERCIAL INTELLIGENCE SERVICE

OTTAWA, CANADA

1923

CONTENTS

	PAGE
I. PHYSICAL GEOGRAPHY AND CLIMATE	5
II. HISTORY	7
III. POLITICAL GEOGRAPHY AND POPULATION	8
IV. MEANS OF COMMUNICATION	9
V. NATURAL RESOURCES AND MANUFACTURES	10
VI. FINANCE AND TRADE	16
VII. EXPORT TRADE	20
VIII. IMPORT TRADE	21
IX. REGISTRATION OF TRADE MARKS AND LABELS, ETC.	33
X. COMMERCIAL REPRESENTATION IN PERU	36
XI. ADVERTISING IN PERU	41
XII. PACKING	42
INDEX	45



PERU AND ITS NEIGHBOURING COUNTRIES

THE REPUBLIC OF PERU: ITS DEVELOPMENT AND COMMERCIAL OPPORTUNITIES

I

PHYSICAL GEOGRAPHY AND CLIMATE

The Republic of Peru is situated on the west coast of South America, and occupies approximately that portion of the continent lying between two degrees and eighteen degrees south latitude, and between sixty-nine and eighty-one degrees longitude west of Greenwich. It is bounded on the north by Ecuador and Colombia, on the east by Brazil and Bolivia, on the south by Chile, and on the west by the Pacific Ocean. On account of boundary disputes with certain neighbouring countries, and the difficulty of conducting accurate surveys, its area has not yet been accurately determined, but the most recent estimates give a total of slightly over 1,400,000 square kilometres, or 560,000 square miles—about one-sixth that of Canada. The coast-line is approximately 1,300 miles in length.

PHYSICAL CHARACTERISTICS

Physically, the country may be divided into three zones, each of which possesses contrasting characteristics of climate and vegetation. These are known respectively as the Coast Zone (La Costa), the Andean Zone (La Sierra), and the Forest Region (La Montana). These various zones correspond roughly to the western, central, and eastern portions of the Republic respectively.

The *Coast Zone* (La Costa) is a narrow strip of land extending from the extreme north to the extreme south of the Republic, and occupies the area between the Pacific Ocean and the foothills of the Andes. In no part is it more than sixty miles wide, and its general appearance from the sea is that of an arid and sandy desert, backed by mountain ranges of varying heights, and intersected at intervals by fertile valleys where rivers flowing from the Andes provide the moisture necessary for cultivation. This zone is practically rainless throughout the year, owing on the one hand to the chain of the Andes, which checks the passage of clouds from the east, and on the other to the influence of the cold Humboldt current, which, flowing from the Antarctic up the west coast of South America, prevents the evaporation of the waters of the ocean. But wherever irrigation is possible, the land has been found to be highly fertile, and it has been estimated that an additional area of a million acres could be brought under cultivation if the necessary works were constructed. At present sugar and cotton, both of high quality, are the principal agricultural products of the coastal region, and in the northern parts rich deposits of mineral oil have been discovered. The coast zone occupies an area of about 100,000 square miles, or 18 per cent of the total of the Republic.

The *Andean Zone* (La Sierra) is formed by the immense mass of the Cordillera of the Andes, running roughly from north to south in two mountain chains known as the western and eastern Cordilleras; these are divided towards the south by a third chain known as the Central Cordillera, and are connected at intervals by transverse ridges known as "knots" (*nudos*). The western portion of this zone is characterized by a confused mass of jutting mountain spurs, interspersed with deep and well-watered valleys, capable of high agri-

cultural development, and in many cases producing valuable crops of alfalfa, cereals, and other products of both the tropic and temperate zones. Through the centre extends the great tableland of the Sierras—narrow in the north and widening towards the south—at an average elevation of some 12,000 feet above sea level, and for the most part bare of cultivation. In this area are found large herds of native animals (llama, vicuna and alpaca), together with numbers of sheep which feed on the thin mountain grasses and are valued on account of the high quality of the wool which they produce. Further to the east is the great range of the Andes proper, still largely unexplored and undeveloped, and inhabited principally by tribes of Indians who gain a scant livelihood from agriculture, mining, and cattle raising.

The great wealth of the region of the Sierras, however, is to be found in mining rather than in agriculture. It possesses large deposits of coal, iron, copper, tin, silver, and gold, many of which are now being developed by the most modern methods. The chief difficulty in the way of further development is owing to lack of means of communication, railways being expensive, and in some cases impossible, to construct. Legislation now before the Peruvian House of Representatives is designed to overcome this handicap, and if carried into effect, it will doubtless lead to a considerable increase in the productivity of these regions, and a great development of the riches which are at present lying idle. The Sierra region occupies an area of about 200,000 square miles, or 37 per cent of the total area of the Republic.

The *Forest Region*, known as La Montana, occupies that area lying between the eastern slope of the Andes, on the one hand, and the borders of the surrounding countries, on the other. It is not, as its name might suggest, a region of mountains, but consists largely of an alluvial plain, with no natural boundaries, covered with dense tropical growth and watered by the tributaries of the Amazon and other rivers flowing towards the Atlantic Ocean. This region forms a strong contrast with either the coastal or Andean zones; in place of the arid deserts of the one, or the wild mountain desolation and narrow valleys of the other, there is a magnificent system of navigable rivers, rich plains, and forests containing numerous varieties of tropical trees and plants, among which may be mentioned oak, mahogany, cedar, rubber, cinchona, and the valuable vegetable ivory, which is rapidly becoming one of the most important products of the country. The rivers abound in fish, and gold is found in many of them, and there are deposits of mineral oil in various districts. This region possesses by far the greatest possibilities for the future, and forms the greatest potential source of national wealth. It is sparsely inhabited by a few tribes of half-wild Indians, whose numbers are reported to be rapidly decreasing, and who are quite incapable of developing natural resources. The principal requirement of the Montana is modern means of transportation which would connect these rich areas with the ports of the Pacific coast. The Montana region contains an area of about 250,000 square miles, or 45 per cent of the total area of the Republic.

CLIMATE

In spite of the prevalence of certain diseases among the native population, the climate of Peru may be considered as healthy, provided ordinary precautions are taken. Yellow fever, which was formerly a scourge throughout the coast region, is rapidly being eliminated. The Government insists upon all new arrivals in the country being vaccinated, and the danger from smallpox is, as far as possible, removed. Mild attacks of dysentery are not uncommon among newcomers, owing to the change in climate and food, and typhoid

fever is found in the regions of the Montana. This may be avoided by medical inoculation. Mountain sickness frequently attacks travellers among the high regions of the Andes, but this is merely a temporary inconvenience, and is never dangerous to life.

The temperature is much lower than might be expected from the situation of the country. With the exception of certain enclosed valleys and parts of the Montana, the country is never oppressively hot. Owing to the influence of the Humboldt current, the temperature of the coast region is some 10 degrees lower than corresponding points on the Atlantic coast, and varies from a minimum of 49 degrees Fahrenheit in winter to a maximum of about 86 in summer.

The Andean zone possesses every variety of temperature, from the sweltering heat of the lower valleys to the glacial cold of the eternal snows in the upper regions of the mountains. Violent winds are frequently encountered on the great tablelands of this area, and torrential rains fall during the winter season. In general, however, the climate is healthy and invigorating, the extremes of temperature in the populated regions varying from freezing point to about 60 degrees Fahrenheit.

The Montana region is oppressively hot and damp in the low-lying areas. In the foothills of the Andes, however, there are many districts where a mild and healthy climate is experienced, and living conditions are not only tolerable, but attractive.

II

HISTORY

Although of minor importance from a commercial point of view, a brief outline of the past history of what is now the Republic of Peru may not be without interest.

The earliest inhabitants of the country appear to have been divided into a number of races or nations, each of which possessed distinct characteristics of language and feature. Of these races, the Yuncas, the Aymaras, and the Quechuas are generally considered the most important.

The Yuncas occupied what is now known as the coastal area. They developed an independent civilization of their own, governed a stretch of territory some seven hundred miles in length, and the ruins of their cities, which remain to the present day, indicate that they were a highly cultured race long before the Inca dynasty rose to power. The Aymaras, the second great race, occupied the country on the high table lands in the north of Bolivia and the south of Peru; their descendants still possess their distinguishing characteristics of feature and character, and speak the Aymara language; they, at present, consist of six tribes, and comprise about four hundred thousand people. The Quechuas occupied the north and south of the country, and portions of Bolivia. In feature they were lighter than the Aymaras, and had a Mongolian cast of countenance which may suggest their remote origin.

The pre-Inca ruins, scattered thickly over Peru, indicate that each of these races developed a high state of civilization in the remote past. This is suggested by the cyclopean architecture of their fortresses and public buildings, the use of domestic animals, and the development of maize and the potato from wild and useless progenitors.

These races were in turn supplanted by the forces of that Inca empire which, starting in the valley of Cuzco in the eleventh century, expanded during the next five hundred years from the equator to southern Chile, and from the Pacific coast far inland to what is now Bolivia.

Early in the sixteenth century, and shortly after the discovery of the Pacific ocean by Balboa, a handful of Spanish adventurers set out from Panama to conquer this empire, of which rumours had reached them from time to time, and in the course of the next few years, under the leadership of Francisco Pizarro, completely destroyed both the power of the Incas and the civilization which they had developed. Pizarro was murdered by his own associates in 1541, and shortly afterwards the first viceroy, appointed by the Spanish crown, appeared on the scene.

The next important stage in the history of Peru is known as the Colonial period, during which the country was governed from Spain by means of viceroys. During this period, Lima became the capital of Spanish South America; a great development took place in mining and agriculture, and the country gradually became settled by immigration from Spain. This progress was accompanied by a considerable reduction in number of the native population, and their relapse into a state of ignorance and servitude from which they are only now slowly emerging.

The present stage in the history of the country began in 1814, when the inhabitants of the city of Cuzco rose in revolt against the viceroy, which insurrection was unsuccessful. In 1817 General Jose San Martin, after liberating Argentina and Chile from the government of Spain, organized an expedition for the capture of Lima, in which he was assisted by Lord Cochrane and other British naval officers. Four separate engagements took place with the Spanish forces, but it was in 1821 that final victory was assured. On July 9 of that year General San Martin entered the capital, and the independence of the country was proclaimed on the 21st of the same month. In 1824 the Spanish power finally came to an end. From that time to the present, Peru has been an independent republic.

III

POLITICAL GEOGRAPHY AND POPULATION

For administrative purposes, Peru is divided into nineteen departments and three "Littoral Provinces," a total of twenty-two divisions in all. Ten of these, comprising about eighteen per cent of the whole area, are in the coast region; eight, comprising an area of thirty-seven per cent, are situated in the Andean zone, and the remaining four, with an area of forty-five per cent of the whole, comprise the forest region, or the Montana.

The names of these various divisions, together with an approximate estimate of the areas and population, are as follows:—

Name	Area in square kilometres	Estimated population	Population per square kilometre
<i>Coast Zone (La Costa)—</i>			
Tumbes (Lit. Province)	5,130	8,000	1.6
Piura	43,588	214,000	4.9
Lambayeque	11,952	124,000	10.4
La Libertad	26,441	251,000	9.5
Ancachs	42,908	429,000	10.0
Callao (Lit. Province)	37	52,000	1360.0
Lima	34,482	298,000	8.6
Ica	22,586	91,000	4.0
Arequipa	56,857	299,000	4.0
Moquegua (Lit. Province)	14,375	43,000	3.0
	<hr/> 258,356	<hr/> 1,809,000	<hr/> 6.0

Name	Area in square kilometres	Estimated population	Population per square kilometre
<i>Andean Zone (La Sierra)—</i>			
Cajamarca	32,482	442,000	13.6
Huanuco	36,331	145,000	4.0
Junin	60,484	395,000	6.5
Huancavelica	23,967	224,000	9.3
Ayacucho	47,111	302,000	4.8
Apurimac	21,209	177,000	8.4
Cuzco	228,985	300,000	1.3
Puno	71,627	538,000	5.0
	522,196	2,523,000	4.9
<i>Forest Region (La Montana)—</i>			
Amazonas	36,122	71,000	1.5
San Martin	79,625	33,000	0.4
Loreto	440,471	120,000	0.3
Madre de Dios	64,112	16,000	0.25
	620,330	240,000	0.4
Total and average	1,400,882	4,572,000	3.3

Many of the Departments are still unsurveyed, and different estimates of their area vary, in some cases as much as 60 per cent. In addition, boundary questions are still unsettled, and no census has been taken since the year 1876, although rough estimates of population have been prepared from time to time by various authorities. Official publications state that the present area of the country, calculated after the delimitation of the frontiers with Brazil and Bolivia, but including disputed territories on the borders of Columbia and Ecuador, is 1,433,000 square kilometers, and the population is given as 4,609,999.

IV

MEANS OF COMMUNICATION

It has been indicated that means of communication throughout Peru are defective, especially in the interior. The cause of this may be readily understood when the nature of the country is taken into consideration—a region on the coast which is largely desert, backed by abrupt mountain ranges of which the passes are frequently twelve thousand feet in height, and an eastern area which is cut off from the Pacific, on the one side by these mountain ranges, and from the Atlantic on the other by the whole width of Brazil.

Traffic between the towns in the Coastal region is carried on by steamers plying up and down the Pacific. Many of these steamers provide excellent accommodation for travellers, being clean, comfortable, and well operated. The ports themselves, with the exception of Callao, are open roadsteads; the handling of cargo being done by means of lighters. The heavy swell of the Pacific frequently makes loading and unloading a matter of great difficulty, and in some cases impossible for days at a time.

Various points in the Interior (i.e., the departments of the Sierra) are connected with the Pacific Coast by means of railways, known as “railways of penetration;” where these do not exist, the only means of communication between the Sierra and the coast is by road or trail. Lateral railways in the Sierra are infrequent, on account of the difficulty and expense of construction, and road communication in the same area is, with few exceptions, defective. Thus a traveller wishing to journey from one Sierra department to another would generally descend the Andes to the nearest seaport, thence take a steamer along the coast to another port, and finally again penetrate the interior to his destination.

No railways exist in the Montana. The only means of communication between this district and the Sierra is by means of rough roads with occasional assistance from the numerous navigable rivers by which the Montana is intersected. There is river communication from the Montana, via the Amazon, with the Atlantic, and seagoing steamers can penetrate as far as Iquitos, in the Department of Loreto.

There is a service of steamers on Lake Titicaca in the south of Peru, which connects the town of Puno with Guagui in Bolivia, from whence there is rail communication with La Paz and other Bolivian points.

Hotel accommodation throughout the country, with the exception of that in the city of Lima, is poor, especially in the smaller towns.

COMMUNICATIONS WITH CANADA

There is at present no direct steamship connection between Canada and Peru. There are, however, frequent services from New York to Callao, both passenger and freight, and many of the steamers touch at the various ports. Among others may be mentioned the Grace Line (Inc.), which maintains a tri-weekly service with four modern boats, and the Pacific Steam Navigation Company, which has a regular service on a similar route. Many other lines have services from New York to Cristobal and Panama (on the Panama Canal), where there are excellent warehousing facilities, and where goods may be transferred to the numerous smaller steamers which ply between the Panama Canal and the smaller ports of Peru and other countries on the west coast of South America.

From the Pacific Coast of North America, steamer service is less frequent. The Toyo Kisen Kaisha has a direct service between San Francisco and Peruvian ports, at rare intervals, and it would appear that in the majority of cases, the most feasible plan would be to ship from Canadian ports to the Panama Canal, at which point transhipment of freight could be made to coasting steamers.

V

NATURAL RESOURCES AND MANUFACTURES

The natural resources of Peru, from which the wealth of the country is derived, are found chiefly in the products of her soil (including forests, animal and vegetable products), and secondly in her vast deposits of minerals. Both of these sources of wealth are still relatively untouched. The progress which has taken place in recent years has resulted in a large increase in the foreign trade of the country, and in the prosperity of such of its inhabitants as occupy the zones where such progress has taken place. The great need of the country is transportation, either by railways or modern, well-surfaced roads where the construction of railways is impossible; these are required particularly to open up the mineral wealth of the Sierra, and to connect the rich agricultural region of the Montana with the Pacific coast. A further need is the introduction of foreign capital, as it will be many years before the country can finance itself. The developments of the past few years, however, and notably since 1905, give much promise for the future, and indicate the near approach of greatly increased production, with its consequent influence upon the prosperity of the country, and the demand for foreign goods in exchange for its exports.

AGRICULTURE

The agricultural resources of the country are practically limitless in extent, owing to the very varied climate, and the differing characteristics of the three regions into which the republic is naturally divided. The coast region, except

where the absence of moisture makes agricultural operations impossible, possesses a rich, deep soil, and produces sugar and cotton of high quality. Rice is also cultivated, and within the past two years a satisfactory export trade has been developed in grapes. The Sierra produces a certain quantity of tropical products in the foothills on both the eastern and western slopes of the Andes, but its main crops are those of the temperate climates, such as maize, wheat and potatoes. This region also supplies such animal products as hides, wool and meats. In the Montana are found the majority of the forest products, such as rubber, vegetable ivory and numerous classes of hardwoods, together with a certain quantity of sugar, coffee and other cultivated crops of the tropical zone.

Sugar.—The climate of Peru, and especially that of the coast region, is ideal for the cultivation of sugar, and the quality is excellent. The department of La Libertad is the principal source of supply, followed by Lima, Lambayeque, Ancachs and Arequipa in the order named. There are, according to Government reports, 117 estates in the country producing sugar, with a total area of upwards of 600,000 acres, and a production in 1921 of some 300,000 tons, this having increased from 178,000 tons in the year 1911. There appears to be no doubt of the future of the industry, not only on account of the fertility of the soil and the favourable climatic conditions, but also of the low cost of production as compared with that of other countries. For instance, the cost of production during the pre-war period was estimated to be \$30 per ton, as compared with \$70 in the United States, \$45 in the West Indies and \$60 in Cuba. The cost at the present date is reported to be \$45 per ton, and in addition, the average production per acre is 40 tons, as compared with 32 tons per acre in Cuba. The average production during the past ten years has been upwards of 240,000 tons, of which 83 per cent was exported; in addition, a large quantity of alcohol and alcoholic beverages are produced from sugar, 97 per cent of which is consumed locally. The total investment of capital in the industry is estimated to be the equivalent of \$150,000,000 Canadian currency.

Cotton.—This was a valuable crop in Peru long before the Spanish conquest; its cultivation was encouraged during the colonial period, but languished during the half century following independence. Production increased slowly from 1865 onwards, and during the past thirty years great progress has been made, both in regard to method of cultivation and quantity grown. The department of Ica is the largest producer, followed by Lima, Ancachs, Loreto and Arequipa in the order named. The quality is stated to be exceptionally high, and the yield per acre much greater than in other countries. Thus, the average crop in the United States is about 300 pounds per acre, in India and Egypt about 380, and in Peru about 485 pounds per acre. The principal varieties grown are American Upland, Sea Island and "Mitafifi." Of the total annual crop, it is estimated that about 4,000 tons are used locally, the balance being exported, principally to England and the United States. The production for the year 1921 amounted to 36,000 tons.

Rice.—Rice is grown principally in the coast region, the department of Lambayeque being by far the most important source of supply. Practically the whole of the crop is of either the Carolina or Jamaica variety. The production is steadily increasing, partly owing to improved methods of cultivation, and partly to the high duty imposed on the imported product in order to encourage the local industry. The production in 1921 approximated 31,000 tons, most of which is consumed in the country.

Wheat.—Wheat is not exported from Peru in any volume, but is grown to a considerable extent, the principal production being in the departments of Huan-cavelica, Cajamarca, Junin and Ancash, with smaller crops in other districts.

Conditions are especially favourable in many of the upland districts, but the cultivation of wheat has not received the attention which it deserves, and the production is considerably less than 50 per cent of the total requirements of the country. There are reported to be over 830 estates engaged in the cultivation of this crop, with a total area of 180,000 acres, and an annual production of some 2,500,000 bushels.

Maize.—Maize is one of the most important crops of the country, and the quality is generally recognized as being the finest in the world. It is grown in practically all departments where conditions permit, up to 11,000 feet above sea level, and forms the staple food of the great majority of the population. Statistics of total production are unobtainable.

Other Cereals.—Barley and oats are grown in suitable areas, but the production is not large, and the total crop is consumed locally. Another native cereal, known as Quinoa, grows at altitudes up to 13,000 feet above sea level, and is highly valued by the natives as a food.

Coffee.—Coffee is grown both in the coast region and the Sierra, the best qualities coming from Puno, Junin, Cuzco and La Libertad. There are also many other districts favourable for the cultivation of this crop, notably in the Montana, but transportation difficulties prevent much development at present. Practically the whole crop is consumed locally, the small quantity exported being sent principally to Chile, with negligible amounts to Great Britain and other countries, where it is used for blending purposes. The quality is exceptionally high, and with greater production, a demand from foreign countries would undoubtedly arise.

Fruits.—Fruits are produced in great quantity, the soil and climate being very favourable to the growth of all tropical fruits. From the point of view of foreign trade, however, grapes are the most important fruit produced in Peru, and the nucleus of a good export trade has been developed in this product within the past two years. It is reported that this business is expected to increase in the future, and special ships may be put on to handle the traffic.

Vegetables.—All vegetables, both of the tropical and temperate zones, grow freely, potatoes being the most important crop; this is indigenous to the country, and is of high quality. Beans and chick peas are also largely grown, and in normal years are exported to Spain and other countries. Vanilla, cinnamon and other spices form the basis of a good trade.

Cocoa.—Peru contains large areas suited to the growth of the cocoa bean, but this industry has not been developed on a large scale. The lands best fitted for its cultivation are in the Montana, and with the opening up of this territory the production should increase. The exports vary yearly, but have not exceeded 115 tons per annum during the past decade.

Tobacco.—A considerable area of Peru is suitable for the cultivation of tobacco, but the production does not appear to be increasing, and in some parts of the country has been abandoned. This is all the more surprising as the manufacture of tobacco is a Government monopoly. The reason appears to lie in the quality of the leaf grown, which is rather coarse, and has a flavour inferior to that of the imported article. An average of 220 tons per annum of native grown tobacco is at present used by the tobacco monopoly, about double this quantity being imported.

Coca.—The coca tree, or shrub, is grown largely in the Departments of Cuzco, Huanuco, and Junin. The leaf is highly valued by the natives as a stimulant, and in addition, a considerable export trade is done with foreign

countries, where it is used principally in the preparation of cocaine. During the past six years, the average exports were 347 tons, valued at \$175,000 Canadian currency.

Panama Hats.—In spite of their name, the majority of the "Panama" hats are manufactured in the district surrounding the village of Catacaos, in the Department of Piura. The industry is a purely native one, the hats being woven by the Indians from a species of palm leaf, and brought into Catacaos on the weekly market day, where they are bought by dealers and shipped to the coast of Paita, from which point they find their way to the markets of the world. The exports are gradually falling off, from a total of 18,394 dozens in 1910, to 5,573 dozens in 1919 and only 4,264 dozens in 1920.

Timber.—As already mentioned, many valuable hardwoods grow in the dense forests of the Montana region; these are still unexploited, however, the only production being small quantities for the mining industry and the local woodworking establishments. The latter are worked on the most primitive scale, and it can hardly be expected that this large supply of natural wealth will be developed until the transportation question is solved.

Rubber.—The Montana also contains many varieties of rubber trees, and these have been exploited for about forty years. The trees are found principally on the margins of the rivers, the best grade of Para (or Jebe) rubber coming from the low-lying lands, and the second grade, known as Caucho, from lands about 300 feet above sea level. The industry has suffered in recent years by the fall in price, and the extension of rubber cultivation in the Far East to such an extent that Iquitos, which formerly was a prosperous river port and the centre of the trade, is rapidly declining in importance. Notwithstanding these unfavourable circumstances, the average exports during the past ten years have been 2,750 tons per annum, of an average value of \$3,000,000.00 Canadian currency.

Livestock.—The raising of livestock is an important source of wealth in Peru, especially in the higher levels of the Andes, where large herds of cattle, sheep, and the native llamas and alpacas may be found. The total amount of livestock in the country has recently been estimated at 250,000 cattle, 30,000 horses, 1,000,000 llamas and alpacas, other sheep and goats 9,000,000, and 50,000 vicunas. This is far below what the country is capable of maintaining, as it is believed that it could support a total of 5,000,000 head of cattle and 50,000,000 sheep. The industry is a prosperous one, and forms the basis of a valuable export trade in wool, hides and skins, and to a certain extent in live cattle.

Vegetable Ivory.—This is produced from the nut of a variety of palm tree which grows wild in the Montana district; it is similar in appearance to the genuine ivory, and is used largely in Europe for the manufacture of toys, buttons, inlaid work and similar goods, and is also used locally in the curing of rubber. The exports have increased from less than a ton in the year 1907 to 1,620 tons in 1920.

Miscellaneous.—Among other natural products of Peru may be mentioned guano, Peruvian bark, condurango, flax, and the castor oil bean; these however are of minor interest from the point of view of foreign trade.

MINERAL RESOURCES

The mines of Peru have long been known as a synonym of fabulous wealth. Before the coming of the Spaniards, the Incas not only accumulated large stores of gold and silver, but also worked, by primitive methods, the deposits of lead and copper which may be found throughout the region of the Sierras. It was

the reports of the mineral wealth of the Inca empire which induced Pizarro to set out on his career of conquest, and the loot which he then obtained induced the Spaniards to explore the country thoroughly. The result was a great increase in the production of the precious metals, combined, owing to oppressive laws, with a great decrease in the numbers of the native population, which only ceased with the formation of the republic a hundred years ago.

The mining industry is being conducted by modern methods, but even with the development of the past few years, the surface of the country has only been scratched. Throughout the Andes, large deposits of minerals are known to exist, and new deposits are frequently discovered. In addition, petroleum is found in many parts of the country; hundreds of wells have been sunk in the northern districts of the coastal area, and further exploration is constantly taking place. There appears to be no doubt that this product will become of increased importance in the future, in view of the increasing demand from all parts of the civilised world.

Taken in order of value, the most important mineral products are petroleum, copper, silver, vanadium, coal and gold, followed by salt, mineral waters, lead, bismuth, and tungsten; borax, molybdenum, antimony and zinc complete the list. The total mineral production in 1903 was valued at slightly under seven million dollars Canadian currency. After 1905 a gradual increase took place, until the maximum was reached in 1917, with a total in excess of \$45,000,000, this being due in part to high prices and the war demand. During the past four years the value of the production has varied little, being approximately \$40,000,000 per annum.

Petroleum.—As previously stated, the principal source of petroleum is situated at the extreme north of the republic. The oil is refined locally, and is largely consumed in the country, 100,000 tons being used annually on the steamships, railways, and power plants of the republic. The area over which petroleum is at present known to exist is some 5,000 square miles, but only a small part of this is exploited. The total production in 1903 was 37,000 tons, which increased to over 250,000 tons in 1914, and 488,000 tons in 1921.

Copper.—Until recent years, copper formed the principal mineral product of Peru, and was only overtaken by petroleum in 1920. Production in 1921 aggregated over 33,000 tons. It is mined principally in the Department of Junin, where an American company has established large smelting works, which have been in operation since 1906. In comparison with the production of this company, the remainder of the copper production is of minor interest, though there are prosperous mines operated by an English company in the Department of Lima, and smaller ones in La Libertad, Cajamarca and Arequipa. Puno, Moquegua, Ancachs, and Huanuco are also producers of copper, but in no case does their total exceed fifty tons annually.

Silver.—At present, Peru occupies fourth place in the silver production of the world, and first place in South America. The metal is found throughout the region of the Sierras, more especially in the department of Junin, and is usually found in combination with other ores, principally lead and copper. The production in 1904 was 145 tons valued at \$2,500,000 and reached its maximum in 1917 with 338 tons, valued at \$8,000,000. There has since been a slight but regular fall in volume, the figure for 1920 being 286 tons, with a value of \$9,000,000. The greatest value, in spite of the fall in quantity, was in 1919, when a total of \$10,000,000 was registered.

Vanadium.—The production of this metal is practically a monopoly in the hands of an American company. The large deposits which exist in the department of Junin were not developed until 1907, since when a rapid increase in

production took place until 1917, when 4,083 tons were produced, valued at \$1,200,000. In the two following years there was a considerable fall, but in 1920 a further great increase took place to 9,700 tons, valued at nearly \$4,500,000. This increase is attributed to the demand for vanadium, for increasing the strength of steel, in the United States, more especially for the construction of automobiles and similar purposes. Prospecting is constantly taking place in order to find further deposits of vanadium, and many of these efforts are reported to be meeting with success.

Coal.—There are very large deposits of coal in the Sierras, and also to a lesser degree on the coast, especially in the northern part of the coastal area. These are of all grades, but it is claimed that they are principally anthracite, with a smaller quantity of bituminous. A deposit of lignite is known to exist in the extreme north of the republic, covering an area of 500 square miles, with seams as much as thirteen feet in thickness. The production is at present limited to the mining requirements of the republic, none whatever being exported. The output remains fairly constant, varying from 324,000 tons in 1910 to 378,000 tons in 1920, in accordance with the demand for the metals in the reduction of which it is used.

Gold.—Although worked from prehistoric times, the production of gold is now comparatively unimportant, and has little effect upon the total world's supply, being less than three-tenths of one per cent of this total. At the same time, the production has been on the increase during the past few years, and the maximum was reached in 1919, with 59,200 ounces, valued at about \$1,300,000. Gold is found in practically all parts of Peru, the richest department in the coastal region being that of Arequipa. In the Sierras, Junin forms the principal source of supply, and in the Montana many of the river beds are known to contain deposits of this metal.

The other minerals are of little commercial importance as compared with those described, and need not be referred to in detail. For the purpose of reference, however, the total production for the year 1920 is given below:—

	Unit	Quantity	Value Canadian currency
Petroleum	Tons	373,280	\$12,120,840
Copper	"	32,982	11,460,000
Silver	Lbs.	629,294	9,005,500
Vanadium	Tons	9,700	4,364,280
Coal	"	378,237	1,346,000
Gold	Oz.	59,190	1,292,750
Salt	Tons	27,172	104,970
Mineral waters	Litres	260,666	56,860
Lead	Tons	562	53,400
Bismuth	Lbs.	17,224	33,430
Tungsten	Tons	69	25,750
Borax	"	261	22,840
Molybdenum	Lbs.	11,660	2,670
Antimony	Tons	13	510
Zinc	"	22	456
Total			\$39,990,250

MANUFACTURES

Although the production of metal work, pottery and textiles has been carried on in Peru for hundreds of years, the country cannot be considered as highly developed from an industrial point of view, only about 2 per cent of the population being engaged in pursuits which can be properly classed as manufacturing.

Apart from the smelters established in the department of Junin, the industry which represents the greatest amount of capital invested is that connected with the sugar refineries, of which there are over thirty in the republic; these, in association with the distillation of alcohol and acoholic liquors from the sugar cane, give employment to between four and five thousand men.

Next in order comes textile weaving, especially of cotton. There are three large cotton mills in Lima, and an equal number in other parts of the country, the annual production being nearly forty million yards. About three thousand men are employed in the cotton industry, with an additional three thousand in the cotton ginneries. Associated with these may be mentioned the manufacture of cotton seed oil and oil cake as a by-product. There are five woollen mills in the republic, giving employment to about 2,000 hands, and producing about half a million yards annually.

There are several flour mills in the vicinity of Lima, which are operated by modern machinery; others may be found throughout the country, but with few exceptions they are of a primitive type.

The manufacture of various classes of woodwork, principally from imported lumber, is carried on in the vicinity of Callao and Lima, where there are several well-equipped sawmills. Other woodworking establishments exist in various parts of the country, but most of these are operated on a small scale only; the total number of hands engaged is about 1,500.

Brewing is an important industry, and there is one establishment in Lima, owned by British interests, which has a wide reputation all over the Pacific coast of South America. In addition, there are native distilleries in all parts of the republic, and the production of wines is carried on in the vicinity of the vineyards, chiefly by Italians.

The cleaning and "pearling" of rice gives employment to about three thousand men, and the manufacture of edible oils employs another 1,300. Soap making, tanning, the manufacture of biscuits and chocolates, and various steel and ironworking establishments, each employ about a thousand hands, and the refining of petroleum slightly less than this number.

VI

FINANCE AND TRADE

CURRENCY

The unit of currency at present in use in Peru is the Peruvian pound (*libra peruana*, usually written *£p.* or *Lp.*). This is the exact equivalent of the pound sterling, and its mint par value is therefore \$4.86 $\frac{2}{3}$, Canadian currency.

The libra is divided into ten soles and the sol is again subdivided into one hundred centavos; the sol is therefore worth 48.66 cents, and the centavo 0.486 cents, Canadian currency. The usual method of expressing values is by pointing off the soles and centavos, thus: *Lp.* 286.8.47 means two hundred and eighty-six pounds, eight soles and forty-seven centavos. The system is a convenient and logical adaptation of sterling currency to the metric system, and works with perfect smoothness in practice.

Until the year 1915, Peruvian money was exclusively metallic, the British sovereign and the Peruvian pound being accepted indifferently. In that year the increased demand for gold and silver, and the impossibility of keeping these two metals in circulation, necessitated the issue of paper currency, which is now in universal use, with the exception of metallic token coins of small denominations.

This paper currency is guaranteed by deposits of gold in Lima and New York to about 94 per cent of its nominal value—an exceptionally high figure, which should have the effect of maintaining the paper at par. As, however, the export of gold is prohibited, a slight depreciation has taken place, and the value of the sol at the moment of writing remains fairly constant at about 40 cents, Canadian currency.

At present, the following volume of currency is in circulation:

Bank Notes (cheques circulares)—	
Ten libras	Lp. 548,760.0.00
Five libras	2,479,220.0.00
One libra	2,306,650.0.00
Half libra (five soles)	1,244,704.0.00
One-tenth libra (one sol)	712,174.7.00
Gold Deposit Certificates—	
Fifty centavos	250,593.3.50
Five centavos	5,975.5.10
Nickel Coinage (20, 10 and 5 centavos)	241,750.5.00
Total	Lp. 7,789,828.0.60

PUBLIC FINANCE

When Peru gained her independence in 1821, she was in a state of poverty, and was unable to meet the expenses of government; this condition existed for many years until the discovery of a hitherto unsuspected source of wealth rendered a sound financial policy of secondary importance. This source of wealth was found in the nitrate fields and guano deposits in the State of Tarapaca and the islands off the coast. The large revenue derived from these sources induced a state of financial disorder, which became accentuated when the nitrate fields were lost to Chile.

As a consequence of these and other factors, Peru was compelled to default on her foreign debt, which amounted to over forty-five millions sterling in 1889. In 1890 an agreement was entered into with certain British interests, who took over the responsibility for payment of interest on this debt, and in return received certain concessions for the operation of the State railways, and interests in other public assets, such as guano beds, lands and mining properties. These concessions were in turn handed over to a company organized for the purpose, known as the Peruvian Corporation, which still continues to operate them, and probably forms the most important factor in the commercial development of the country.

At present, the revenue of the Government is derived from:

- (1) Products of the State domain, such as sales of guano, operation of railways and steamships, pier dues, sales of land, etc.
- (2) Public services, such as consular fees, stamps, post office and telegraph receipts, educational funds, and a large number of minor items.
- (3) Import, export and excise taxes, and the operation of the salt and tobacco monopolies.
- (4) Miscellaneous income.

The average receipts from these sources during the past few years have been about thirty-five millions Canadian currency, having increased from less than seven million dollars in 1900. The receipts are in general sufficient to cover the ordinary expenses of the government, although deficits amounting to a total of about Lp. 157,000 (\$760,000) were incurred during the war years 1915-1918. In 1920, however, there was a surplus of Lp. 930,000 (\$4,520,000 Canadian currency), and in 1921 a surplus of Lp. 2,360.0.00 (\$11,000) so that the finances of the country may now be considered, from the point of view of ordinary revenue and expenditure, on a satisfactory basis.

The national debt of Peru at present amounts to approximately Lp. 7,837,000, or the equivalent of \$38,000,000 Canadian currency. This is about \$8 per head, and cannot be considered excessive in view of the great natural resources of the country.

BANKING

Peru is well supplied with banking facilities, there being six national and four foreign banks in the country, with a total of some thirty branches, which is considered sufficient for the business requirements of the community. These banks have their headquarters in Lima, the financial centre of the country, and have a total of paid-up capital of about two million Peruvian pounds, with reserve funds of Lp. 750,000. Their combined deposits amount to Lp. 14,000,000, and their combined assets to nearly Lp. 48,000,000.

The names of the various banking institutions are as follows:—

Bank of Peru and London (Banco del Perú y Londres).
 Italian Bank (Banco Italiano).
 German Transatlantic Bank (Banco Alemán Transatlántico).
 American Mercantile Bank of Peru (Banco Mercantil Americano del Perú).
 National City Bank of New York.
 Anglo South American Bank (Banco Anglo Sudamericano).
 International Bank of Peru (Banco Internacional del Perú).
 Popular Bank of Peru (Banco popular del Perú).
 Savings Bank of Lima (Caja de Ahorros de Lima).
 Deposits and Consignments Bank (Caja de Depósitos y Consignaciones).

The last named performs the functions of a clearing house, and also acts as the Government bank of deposit.

It will be observed that no Canadian banks have yet established branches in Peru. Some of the above, however, act as correspondents of Canadian banks, and it is reported that no difficulty whatever is found in handling financial transactions between the two countries.

FOREIGN TRADE

The development of the foreign trade of Peru during the past forty years must be considered satisfactory, having increased from Lp. 2,520,000 in 1887 to Lp. 53,662,000 in 1920—the last year for which complete figures are obtainable. During the greater portion of this period, the balance of trade has been favourable to Peru, the exports exceeding the imports by an average of 25 per cent of the total trade.

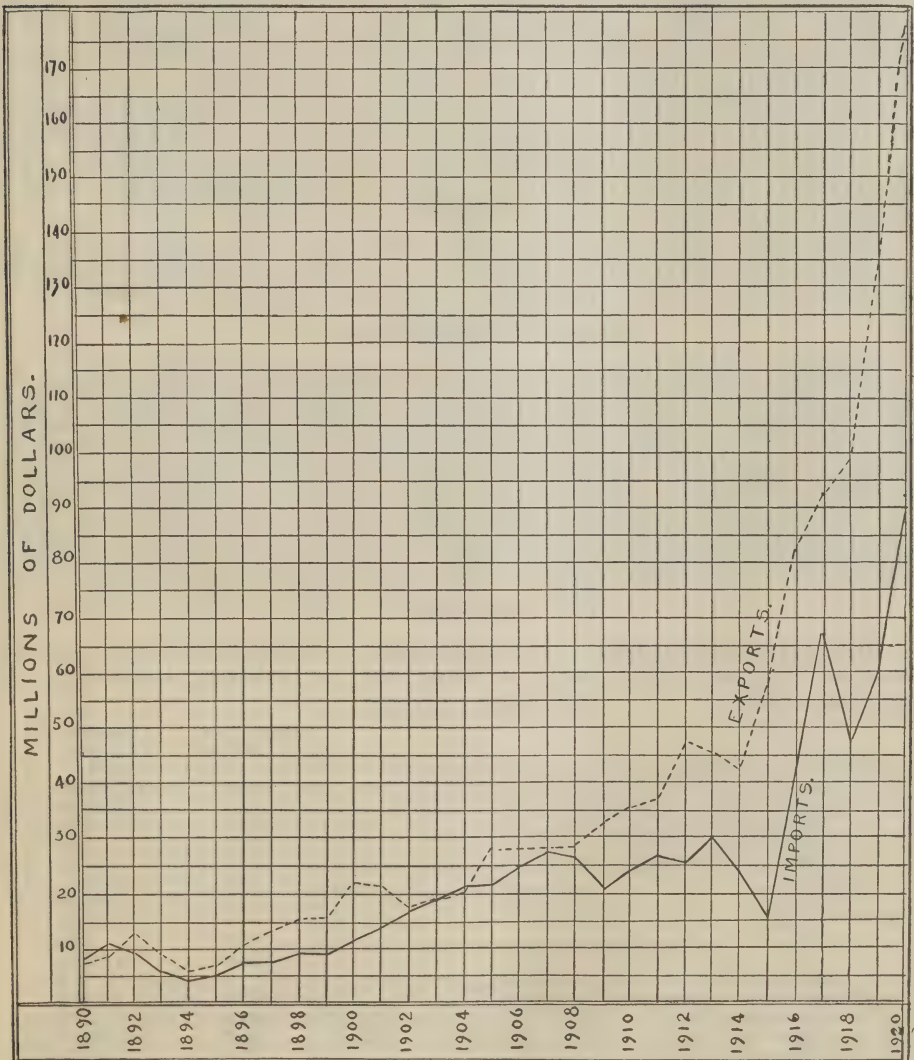
The following table shows the increase of trade at yearly intervals, values being expressed in Canadian currency at approximate rates of exchange:

	Imports	Exports	Total	Balance
1887	\$ 6,223,315	\$ 6,376,955	\$ 12,600,270	\$ 153,640
1892	9,843,610	12,566,005	22,409,615	2,722,395
1897	8,064,310	13,896,785	21,961,095	5,832,475
1902	17,141,415	18,519,855	35,661,270	1,378,440
1907	27,598,755	28,722,720	56,321,475	1,123,965
1912	25,701,690	47,192,905	72,894,595	21,491,215
1917	67,514,255	93,217,070	160,731,325	25,702,815
1918	45,525,565	99,862,975	145,388,530	51,337,410
1919	61,019,195	134,497,110	195,516,305	73,477,915
1920	91,791,115	176,520,775	268,311,890	84,729,660

In the year 1920, the import trade amounted to \$20 per head, and the export trade to \$39 per head, a total of \$59, or about one-fifth the per capita trade of the Dominion of Canada. In 1921, the total foreign trade decreased consider-

ably, and this depression continued so far as imports were concerned during 1922. There are indications that the export trade is now improving, but detailed statistics are not yet available.

The most noticeable point about the foreign commerce of Peru is the rapid increase which took place in the favourable balance of trade during the past fifteen years, and particularly since 1909. In that year the exports exceeded the imports by about 50 per cent. In 1915 the exports were nearly four times the imports, and since then they have averaged about double. This phenomenal rise is clearly shown in the following graph showing Peru's foreign trade for the past thirty years, and is a good augury for the future prosperity of the country.



VII

EXPORT TRADE

The exports of the country consist almost entirely of its natural products, either agricultural or mineral. The total exports for 1920 were valued at \$176,520,775, of which agricultural products accounted for \$142,906,745 (81 per cent), and mineral products to \$32,064,055 (18 per cent), the balance of \$1,549,975 (1 per cent) being made up of small items such as liquors, re-exports, etc.

EXPORTS OF AGRICULTURAL PRODUCTS

Of the products of agriculture, sugar and cotton are by far the most important articles of export, forming as they do about 94 per cent of the total. The principal demand for sugar comes from the United States, which imports about half of the total shipments of this commodity. Great Britain is also a valuable customer, taking one-sixth of the exports, and the remaining one-third is sent principally to Chile and France. With regard to cotton, the position is reversed, Great Britain providing by far the largest market and taking more than four-fifths of the exportable surplus; 17 per cent is sent to the United States, the remaining 2 per cent being shipped to various European countries. The only Peruvian products exported to Canada in 1920 consisted of about a thousand tons of sugar, valued at \$442,000.

Of the minor products of agriculture, wool, hides and rubber account for 5 per cent of the total, and the balance of 1 per cent is composed of numerous small items of which a list is given below, under the heading of "Statistics."

EXPORTS OF MINERAL PRODUCTS

Turning to mineral products, these comprise about 18 per cent of the total exports. The largest item is provided by copper, which accounts for more than half; next in order comes petroleum and its products (24 per cent), followed by vanadium (14 per cent); other items are of minor interest. By far the largest market for the minerals of Peru is found in the United States, which takes nine-tenths of the total production. Of the remaining tenth, Great Britain and Chili each take about 2 per cent, and the balance consists of small shipments to various Spanish American and European countries.

STATISTICS

The following statement gives the exports of Peru for the year 1920, in Canadian currency. On account of variations in exchange, the values are approximate only.

	Metric Tons of 2,206 lbs.	Canadian Currency
<i>Agricultural Products—</i>		
Sugar	249,963	\$ 77,924,445
Cotton	34,782	55,950,305
Cotton seed oil	1,548	524,970
Rice	173	36,885
Alcohol	677	169,340
Hides	1,793	1,584,350
Cocoa	453	187,045
Cocaine	1.6	179,655
Coffee	17	8,155
Rubber	1,478	1,003,690
Soap	7.6	1,965
Wool	3,379	4,275,720
Cotton seed cake	10,342	453,600
Cotton seed	12,517	398,840
Parchment	211	207,780
		<hr/>
		\$142,906,745

	Metric Tons of 2,206 lbs.	Canadian Currency
<i>Mineral Products—</i>		
Copper in ingots, with silver and gold	31,400	17,631,895
Gold and silver in ingots	18	585,160
Lead in ingots, with silver and gold	145	97,660
Borax	264	15,830
Copper cement with silver	134	16,675
Concentrates	1,103	166,860
Coal	4	90
Scrap silver	3	3,620
Tin		1,940
Vanadium	9,968	4,606,480
Other rare metals	73	26,435
Old metals	5	1,945
Sundry unworked minerals	4,245	797,750
Copper matte	1,280	395,055
Mineral samples	21	435
Petroleum products	177,951	7,154,765
Cyanide precipitate	2	18,630
Manufactured silver	9	202,330
Sulphides, lixiviated	43	340,050
Gold in sheets	450
		<hr/> 32,064,055
<i>All other products</i>		1,092,460
<i>Summary:</i>		
Agricultural 81%		142,906,745
Mineral 18%		32,064,055
Sundry 1%		1,549,975
		<hr/> 176,520,775

EXPORT DUTIES

Until the year 1915, very few articles of export in Peru were subject to duties, the only exceptions being rubber, silver and straw hats. In that year, however, owing to the necessity of increasing the customs revenue, export taxes were placed upon sugar, cotton, minerals, petroleum and wool. These taxes are based upon a sliding scale, and are adjusted weekly in accordance with market quotations on the Lima Exchange. As the items subject to duty form by far the greater part of the exports of Peru, the result has been that over 99 per cent of the exports pay duty, and in the year 1920 these duties averaged 6.892 per cent of the value of the products themselves, the total amount collected being upwards of twelve million dollars Canadian currency.

VIII

IMPORT TRADE

Taken in order of importance, the imports of Peru consist principally of foodstuffs, metallic products, cotton goods, machinery and vehicles, and lumber. A large import trade is also done in chemicals, woollen goods, tools, paper, in fact all that numerous class of goods required by a rapidly developing country, which has not reached the stage of supplying its requirements in the way of necessities from its own manufacturing resources.

ORIGIN AND DESTINATION OF IMPORTS

Up to 1912, Great Britain was the principal source of supply for imported articles. In that year, however, the United States took first place, and in 1919 supplied 61.83 per cent of the total imports; this percentage has since been reduced, and according to the latest figures, the United States now supplies something less than 42 per cent of the total. Great Britain retains the second place,

having supplied at the outbreak of the war some 26 per cent of the total; in 1919 this had fallen to about 13½ per cent, but she has since recovered to the extent of 18·5 per cent. Germany has recovered the third place, which she lost during the war, and now supplies a little over 10 per cent, as compared with a previous 17 per cent. The fourth place is occupied by Chili, followed closely by Belgium, France and Italy, which, however, are gradually decreasing their proportion. Hong Kong supplies about 4 per cent of the imports, and Japan is showing signs of becoming increasingly a competitor of older countries, having increased her proportion from less than 1 per cent prior to 1917, to 2·8 in 1918; Argentine has also increased her export trade to Peru since 1920. Other countries appear in the statistics to a small extent only.

The chief port of entry is Callao, which receives 72 per cent of the total imports. Mollendo takes second place with 7 per cent, followed by Talara with 6 per cent, Salaverry with 5 per cent, Paita with 3 per cent and Pisco with 2 per cent.

STATISTICAL INFORMATION

The following table shows the imports of Peru for the past twenty years, in Canadian currency, with an analysis of the values contributed by the three principal countries from which she purchased supplies, and the proportion contributed by each. The most noticeable feature of these statistics is the great increase which took place in the trade with the United States since the outbreak of the world war; this, of course, was due to circumstances which could be neither foreseen nor avoided; but the fact is equally noteworthy that in spite of the difficulties which she encountered, Great Britain was able to maintain intact the volume of trade which she had secured in previous years. Her falling off in trade is great in proportion to the total, but of itself has not decreased.

	Total Canadian Currency	United States	Great Britain	Germany	U.S.	Percentage Britain Germany	
1900	\$11,585,750	\$ 1,487,180	\$ 5,405,725	\$1,802,995	8.9	46.7	15.6
1901	13,585,535	2,233,090	5,117,440	2,780,375	16.4	37.0	16.8
1902	17,141,415	2,957,815	5,444,140	3,122,700	17.3	31.8	18.2
1903	18,916,900	2,884,505	7,432,190	2,241,575	15.2	39.3	11.8
1904	21,786,690	3,795,740	7,939,425	3,478,085	17.4	36.4	15.9
1905	21,788,480	3,627,060	7,430,280	3,395,785	16.6	34.1	15.6
1906	25,052,480	5,129,875	7,624,235	3,899,815	20.0	30.4	15.5
1907	27,598,755	5,922,835	8,170,645	4,467,165	21.5	29.6	16.1
1908	26,365,390	7,065,980	7,739,800	4,281,750	26.8	29.4	16.2
1909	21,493,130	4,230,635	7,839,485	3,436,160	19.7	35.6	15.9
1910	24,903,485	4,613,385	8,393,505	3,953,550	18.5	33.7	15.9
1911	27,191,225	6,244,710	8,599,155	4,731,030	23.0	31.6	17.4
1912	25,701,690	5,929,445	6,839,880	4,651,985	23.1	26.6	18.1
1913	30,443,880	8,776,205	7,993,025	5,279,870	29.8	26.3	17.3
1914	24,139,650	7,853,615	6,692,750	3,235,015	32.5	27.7	13.4
1915	15,477,720	7,441,320	3,312,730	478,380	43.1	21.4	3.1
1916	43,415,750	25,582,910	7,481,520	62,275	58.9	17.2	0.1
1917	67,514,255	43,963,550	9,673,325	21,010	65.1	14.3
1918	48,525,565	26,343,335	7,831,930	2,205	54.3	16.1
1919	61,019,195	37,748,275	8,229,730	555	61.9	13.5
1920	91,791,115	50,844,685	13,475,975	1,564,930	55.4	14.7	1.7

The following table shows the imports for the year 1920, in Canadian currency:—

(A) Animal Products—

(a) Live animals	\$ 123,860
(b) Industrial products	222,555
(c) Wool and fur	4,598,830
(d) Silk	720,175
(e) Hides and skins	938,685
(f) Manufactured goods	81,145

\$6,675,250

(B) *Vegetable Products—*

(a) Industrial products	\$ 1,462,490
(b) Manufactured goods	2,364,620
(c) Cotton goods	7,485,935
(d) Linen and jute	2,424,000
(e) Lumber and straw	6,004,550
(f) Paper and cardboard	2,023,215
	<hr/>
	\$21,764,810

(C) *Mineral Products—*

(a) Industrial products	\$ 6,748,835
(b) Metals	11,452,280
(c) Stones and earths	1,575,495
	<hr/>
	\$19,776,610

(D) *Sundries—*

(a) Writing material	\$ 568,055
(b) Hardware, tools, etc.	2,349,075
(c) Machinery and vehicles	7,412,610
(d) Musical instruments	593,050
(e) Arms and explosives	1,504,100
(f) Electrical supplies	771,815
(g) Other sundries	1,615,780
	<hr/>
	\$14,814,485

(E) *Food and Drink—*

(a) Foodstuffs	\$20,744,385
(b) Beverages	2,922,090
	<hr/>
	\$23,666,475

(F) *Drugs, etc.—*

(a) Chemicals and drugs, etc.	\$ 3,608,535
(b) Medical specialties	1,038,010
(c) Druggists' sundries	277,735
	<hr/>
	\$ 4,924,280

(G) *Unclassified—*

\$ 169,305

SUMMARY

(A) Animal products	\$ 6,675,250
(B) Vegetable products	21,764,810
(C) Mineral products	19,776,610
(D) Sundries	14,814,485
(E) Food and drink	23,666,475
(F) Drugs, etc.	4,924,280
(G) Unclassified	169,305
	<hr/>
Grand total	\$91,791,215

IMPORTS FROM CANADA

While Canada has for many years done a small export trade with Peru, the total volume has always been negligible. It is only in recent years that any effort has been to cultivate the Peruvian market, and then only by a limited number of manufacturers. A satisfactory increase took place in 1918, when the value of the imports from Canada was \$323,945, which was repeated to a smaller extent in 1920, when the value was \$179,245, but on the whole the commercial possibilities of the country remain unknown to Canadian firms.

The following further statement shows the total imports from Canada for the year 1920:—

Lumber, 3,290 M.f.b.m.	\$153,735
Cement, 317 tons	8,075
Canned goods, 32,252 pounds	14,660
Wheat flour, 17 tons	2,775
	<hr/>
	\$179,245

A few comments upon the various classes of goods mentioned in the statistics may serve to show the general tendencies of trade and sources of supply, and it is hoped that the following information may prove of assistance to such Canadian manufacturers and exporters who may be considering the possibilities of supplying Peru with a portion of her requirements. The values given in brackets represent the imports for the year 1920:—

ANIMAL PRODUCTS

Live Animals (\$123,860).—More than half of the imports consist of horses for breeding purposes, imported from Argentina and Chile. A few cattle, sheep and pigs are imported from the same countries, and smaller quantities are also sent from the United States. The total trade is too small to be of interest to Canadians.

Industrial Products (\$222,555).—Of this classification, three-quarters consists of stearine and purified animal fats, the greater portion of which is imported from the United States; animal wax, glue and tallow are also imported in small quantities, but the total is negligible.

Wool and Fur (\$4,598,830).—The imports of manufactured woollen goods, carpets, felt, etc., form one of the most important items in the Government statistics, and among these are many entries which will repay study by Canadian manufacturers. Carpets of various kinds are imported to the value of about \$100,000, the better quality coming from Great Britain, with the United States supplying a smaller quantity. Woollen goods for the manufacture of clothing such as cashmeres, chevots, flannel, etc., are imported to the value of about \$3,000,000, Great Britain providing by far the greater proportion, with France and the United States supplying considerable quantities. There is also a demand for imported woollen underwear, especially in the higher altitudes, where the rigours of the climate necessitate warm clothing; this demand is, however, confined largely to the foreign population, the cost of the imported article preventing its adoption by the average Peruvian. The ordinary felt hat is popular, both of the hard and soft type (the latter predominating), and many well-known American, British and Italian brands are sold in considerable quantities; hats of Italian manufacture appear to be in the greatest demand. There is only a small sale for foreign ready-made clothing, although overcoats and waterproofs are imported to a small extent.

Silk, Natural and Artificial (\$720,175).—Silk piece goods of various kinds are imported to the value of over \$400,000, the principal source of supply being Japan and China (Hong Kong); the finer quality of brocades, tissues, damasks, etc., are imported from France and Great Britain, the United States and Italy also supplying smaller quantities. Silk stockings and socks come from the United States and Japan, but the demand is not large. Men's ties, a number of small articles such as parasols, umbrellas, underwear, hats, and a certain amount of clothing account for the balance.

Hides and Skins (\$938,685).—Hides and skins are imported to the value of \$200,000, principally from the United States and Chile. Of manufactured articles of leather, boots and shoes are imported in large quantities; 85 per cent of the trade has been secured by the United States, which also has a practical monopoly of the heavy-soled boot for mining and field work. There is a large demand for this class of footwear; the imports for 1920 having amounted to more than \$100,000. Of other sources of supply, Chile is the most important, manufacturing as she does a high quality of men's and women's boots at a low

price; Great Britain, Japan and France also provide a small portion of the imports. Of other leather goods, saddles, pocket books, gloves, belts and clothing are imported in small quantities.

Sundry Manufactured Goods (\$81,145).—This item consists of numerous classes of goods, none of which are of importance to the Canadian exporter. Fans, buttons, hair goods, feathers, plumes and feather dusters comprise the principal articles.

VEGETABLE PRODUCTS

Industrial Products (\$1,462,490).—Raw tobacco, imported by the Government for the purposes of manufacture by the Peruvian tobacco monopoly, accounts for nearly half of the item; the neighbouring Republics of Colombia and Ecuador supply this product to the value of about \$150,000 each, and over \$300,000 worth comes from the United States; the balance is provided by Cuba, Brazil, Venezuela and Bolivia. Linseed oil is imported to the value of \$140,000, the United States and Great Britain sharing the business between them in approximately equal proportions. Machine oil of vegetable origin is imported from the United States to the value of \$375,000, and a considerable quantity of Indigo comes from Costa Rica and Mexico. Various classes of vegetable oils, seeds, varnishes and gums account for the balance.

Manufactured Goods (\$2,364,620).—Over 40 per cent of this item consists of perfumes, cosmetics, toilet soaps, and, in general, those *Articulos de Tocador* (dressing table requisites) of vegetable origin; there is a large demand for this class of product in Peru, the imports for 1920 having amounted to over a million dollars. The principal source of supply is the United States, but the finer qualities come from France, and Great Britain, Germany, Japan and Spain also provide considerable quantities.

A further 30 per cent of manufactured vegetable products is accounted for by rubber goods of various classes, especially pneumatic tires for automobiles; there is a substantial demand for this latter class of goods, especially in the capital and Callao, but on account of the condition of the highways, the use of the automobile is restricted principally to the large cities. The greatest demand is for the ordinary Ford tire, and the smaller standard sizes, tires for heavier cars being required to a much smaller extent. Two-thirds of the total demand is supplied by the United States, and a further fifth is credited to Panama in the statistics; it is understood, however, that this latter was entirely entrepot trade, a well-known manufacturer having established distributing warehouses in the Canal Zone for the purpose of supplying the Central and South American trade; recent reports are to the effect that these warehouses have now been closed. Great Britain, France, Italy and Japan also figure in the countries of origin, but to a comparatively small extent.

Manufactured tobacco, especially in the form of cigarettes, is imported to a considerable extent, in addition to the raw leaf. The most popular type of imported cigarette is made in Cuba, the flavour being somewhat similar to that produced locally; these cigarettes are good and cheap. The demand for cigarettes of American or British manufacture is practically confined to the foreign population; these, even of the inferior grades, may be regarded as a luxury. In addition to cigarettes, there is a small demand for cigars, practically the whole of which is supplied by Cuba.

Cotton Goods (\$7,485,935).—This group forms one of the most important branches of Peruvian imports, and it is impossible to deal in detail with the numerous items into which it is subdivided. Cotton piece goods of various classes comprise over half of the total, and hosiery is responsible for about half a million dollars a year. Cotton underwear is imported to about the same value,

and there is a considerable demand for cotton clothing. Sheetting, boots and shoes, collars, bed coverings, hats and caps, umbrellas, and waterproofs also account for a substantial portion of the demand. In general, it may be considered that there is a good opportunity for Canadian manufacturers who produce a good and cheap quality of woven cotton underwear or hosiery, and it would appear that Canadian prices are competitive in Peru, as in other South American countries. The opportunities for manufacturers of shirts and clothing are not so obvious, as these are generally made up locally from imported piece goods, and the tariff in most cases prevents competition from foreign countries.

The principal sources of supply for cotton goods are Great Britain and the United States, which divide the market in approximately equal proportions, and together provide about 80 per cent of the total import. Japan supplies a further 5 per cent, and Spain, France and Italy account for about 4 per cent each. The remaining 3 per cent is divided between Germany, Belgium and Holland, with other European and South American countries figuring to the extent of a few hundred dollars each.

Linen and Jute (\$2,424,000).—This section comprises linen, hemp, jute, and similar fibrous textiles. Over three-quarters of the total is accounted for by sacks and bags, which are imported in large volume from East India and Great Britain, the United States and Japan sending smaller quantities. Thread, string, etc., account for a further \$200,000, and linen piece goods are received to the value of about \$300,000, principally from Great Britain. Handkerchiefs, hosiery, table linen, towels, corsets, and a small quantity of underwear complete the list, which does not appear to include any large items of interest to Canada.

Lumber and Straw (\$6,004,550).—This classification contains some items which are worthy the attention of Canadian exporters, and is therefore dealt with somewhat in detail. As an instance, railway ties were imported into Peru in the year 1920 to the value of about \$450,000, the greater quantity coming from the United States, with Chile supplying the balance.

Lumber was supplied to the value of nearly \$3,500,000, of which the United States is credited with about 75 per cent. As has already been mentioned, this item represents one of the few exports from Canada to Peru, the figure for 1920 being \$153,735. An importer states that this was probably Douglas fir, a class of lumber which is well known and liked, and is found to be entirely suitable for construction and other purposes in Peru. Most of the Douglas fir is imported (under the name of Oregon pine) from San Francisco and Seattle, the geographical location in Peru making it difficult to obtain supplies of lumber from the Southern States, which do a large business with other South American republics in this product.

The total consumption of Douglas fir is estimated to be 25,000,000 feet board measure per annum, and it is used for constructional work, mining, the framework of doors, sashes, and in fact all work where softwood timbers can be employed. It is bought generally in cargo lots, both sailers and steamers, the large importers also purchasing in parcel lots as required. The certificate of the Pacific Coast Inspection Bureau is accepted by importers, and thus no question can arise as to quality, measurement or quantity; purchases are made on the basis of the "K" list. With regard to terms of payment, no definite rule can be laid down as being universally adopted, but large importers state that they pay as a rule the value of the cargo prior to delivery—sometimes by means of cash with order, and sometimes cash against documents in Lima. The cost of freight is usually paid on arrival of the vessel in Peruvian ports. Payments are also made in current account to United States exporters when arrangements can be made to this effect.

Another important item is box shooks, which were imported in 1920 to the value of nearly \$850,000. These also come from the United States, Canada not figuring in the statistics as far as can be ascertained. The principal consumption is among oil companies, breweries, for the packing of vegetables and fruits, etc. Canada is practically unknown in Peru as a manufacturer of box shooks; no efforts have been made to secure any share of the business.

Furniture was imported in 1920 to the value of about \$400,000, also principally from the United States. So far as office furniture is concerned, this is generally of the usual golden oak type in cases where modern equipment is required, and the majority of up-to-date offices are provided with desks, chairs, filing cabinets, etc., of the same style as seen in Canada. The taste in house furniture shows certain French and Spanish influences, and tends towards a somewhat more elaborate design than is common in Canada, though there is a considerable demand for "Vienna" furniture, which is supplied by Germany, Spain and Japan.

There is a demand for barrels, both "tight" and "slack," and this is filled by the United States and Chile; the requirements, which amount to a value of about \$70,000 per annum, appear to be too small, however, to deserve the attention of Canadian exporters.

There is also a considerable demand for bark for tanning purposes, which is supplied by neighbouring South American countries, and various manufactures of cork and straw, with small quantities of household goods, provide the balance.

Paper and Cardboard (\$2,023,215).—Newsprint was imported in 1920 to the value of about half a million dollars, Scandinavia and the United States being the chief sources of supply. It is stated that after the war, the former was able to quote prices considerably below those ruling in other countries, and became a strong competitor. More recent prices have become equalised, and the demand, which comes principally from the capital, appears to merit the attention of Canadian manufacturers. There are a number of excellent daily papers in Lima, some of which are in a very prosperous condition. The newsprint requirements of Peru will continue to increase.

Book print of various classes was supplied in 1920 to the value of about \$450,000, and writing paper to the value of about \$100,000; as in the case of newsprint, these were supplied principally by the United States and Scandinavia, but Italy, Germany, and a large number of other countries figure in the statistics to an appreciable amount.

Wallpaper is imported in considerable quantities, the value during 1920 being in excess of \$125,000. In contrast to other South American countries, the high-class French product does not appear to be popular, Great Britain and the United States supplying the greater portion of the demand. In view of the excellent quality of the Canadian wallpapers, this also appears to be an item of imports which would repay investigation.

Envelopes and post cards are imported to the value of \$100,000 annually, and there is a demand for playing cards, both of English and Spanish design. Waxed paper of various kinds is imported to the value of about \$15,000 per annum; the remainder of the items consist of numerous classes of paper, cardboard, books, photographic materials, etc., which it would be useless to specify in detail.

MINERAL PRODUCTS

Industrial Products (\$6,748,835).—Coal and coke are imported in large quantities from Great Britain, the United States and Australia, this single item accounting for about two-thirds of the total value. Cement appears in the

statistics to the extent of over \$560,000, the most popular brand being a well-known product of the United States; Great Britain is also a large exporter, and Germany, Belgium, Canada and Japan figure in appreciable quantities.

Another item which represents imports to the value of nearly \$800,000 is comprised in that numerous class of mineral earths and metallic bases which are used in the preparation of paints and colours, such as white lead, the oxides of iron and other metals, plaster of Paris, Prussian blue, and others. Colours and paints in liquid form account for a further \$400,000, the British product being most popular, on account of its high quality. It must be borne in mind that the regions of Peru which contain the most populous cities are subject throughout the year to the burning rays of a tropic sun, which forms the severest possible test of the endurance of paints, colours and varnishes, and thus an inferior product is unwelcome, even when sold at a low price. There is, however, an excellent market for such materials, provided they can compete in price with the British, and are capable of standing the severe tests imposed by climatic conditions.

Petroleum and its products account for imports to the extent of over \$800,000 yearly, practically all coming from the United States; in view of the development of the Peruvian oil wells, it does not appear that the market for foreign oils would repay investigation by Canada.

The remainder of the items under this classification consists of small quantities of asbestos, mineral fertilisers, tar, mineral dyes and mica, none of which need be referred to in detail.

Metals (\$11,452,280).—This important section, which occupies the second place in value of imports into Peru, may be divided into five groups, as follows:

Fine metals and jewellery: Gold, silver and platinum jewellery, with precious stones, accounts for about \$200,000, and gold leaf, used for gilding and dentists' work, etc., represents a further \$100,000. Watches were imported in 1920 to the value of about \$80,000, the actual number received being in excess of 4,500; these came principally from France, a fair trade being also done with Italy and Holland. The cheaper American watch is in demand, but to a lesser extent. Gold, either in bars or currency, accounts for \$3,500,000, and the remainder of the items call for no comment.

Steel, iron, tin, zinc and lead, unmanufactured: There is a demand for steel bars for the purpose of making tools, which is principally filled by the United States and Great Britain. Zinc, lead and tin, in bars, ingots and sheets are also imported, and copper in bars and sheets is in demand to a small extent. Sheet iron, either plain, tinned, or galvanized, accounts for \$400,000, and tin plate for a further \$300,000. Rolled joists ("I beams") for constructional work, together with the necessary angle irons were imported in 1920 to the value of over \$700,000, and it appears probable that the requirements of the country for this class of material will increase in the future on account of the changes which are taking place in the design of city buildings; these are now being constructed of reinforced concrete, or with steel framework, to a greater extent than in the past, and this also suggests a demand for expanded metal and reinforcing bars.

Manufactured steel, zinc, iron and lead: Fencing wire, either barbed or plain, accounts for nearly \$100,000, which appears small in comparison with the area of the country; fences are, however, usually constructed of mud bricks ("adobe"), which is found quite satisfactory and answers all requirements of the native population. There is a demand for sanitary and kitchen appliances, and enamelled ironware is becoming increasingly popular; although exact figures are unobtainable, the market appears worthy of investigation by Canadian manufacturers. Steel and iron pipes, principally for water supply purposes, are imported in large quantities, together with the necessary unions, valves, etc.

Nails, tacks, screws, etc., account for a further \$400,000, the demand being supplied principally by the United States, Great Britain and Germany. The railways consume large quantities of rails and fastenings, the imports for 1920 amounting to nearly \$1,500,000. Steel tanks, used principally by sugar mills and similar factories, are also required. The remainder of this group consists of minor items such as cutlery, shelf hardware, ornamental iron and steel goods, etc.

Manufactured articles of copper and other similar metals: This group comprises many articles of too great variety to be referred to in detail. Copper and brass wire figures to the extent of \$45,000, valves to the value of about \$150,000, and such goods as clocks, cheap watches, lamps, keys and locks, buckles, articles for domestic use, etc., are also included. An examination of the statistics does not indicate any articles which would be of interest to Canadian manufacturers with the exception of the above.

Metal furniture: There is a good demand for metal bedsteads, spring mattresses, and other metallic bedroom furniture. Metallic ornaments, such as small tables, pedestals, lamp standards, etc., are imported in appreciable quantities, and chairs for dental, medical and similar purposes also appear in the statistics.

Stones and Earths (\$1,575,495).—This includes a variety of stones, earths, glassware and other mineral products which cannot be otherwise classified. The largest single item consists of bottles for use in the liquor industry and for similar purposes, which accounts for the sum of \$344,000; these come largely from Chile and Great Britain, a considerably quantity being also imported from Panama and Holland. Chinaware or crockery accounts for \$283,000, 60 per cent coming from Great Britain, and fine porcelain was also imported to the value of \$75,000. Plain window glass is in demand, Belgium being the favourite source of supply, although the United States has more recently taken the leading place owing to war conditions. It is reported that early difficulties encountered by the latter country in the way of quality and packing are now being overcome, and although she cannot be expected to maintain the lead permanently, her competition will remain a factor to be reckoned with in the Peruvian market. Bricks and tiles are also imported in appreciable quantities, although most of the latter are now produced locally, and the demand for the foreign product is therefore likely to decrease in the future. Glassware for household use, cut glass, etc. (*cristaleria*) was received in 1920 to the value of \$160,000, and mirrors, eyeglasses, lenses, field glasses and similar goods account for the remainder.

SUNDRIES

Writing material (\$568,055).—This classification includes numerous varieties of writing material and utensils, apart from those included under the heading of "Paper and Cardboard." The principal imports consist of typewriters, adding machines, cheque perforators and similar machines, which account for nearly 60 per cent of the total. Pencils, pens, inkwells, slates for use in schools, letter files, are other items, but none of these are imported in large quantities. The United States supplies 80 per cent of the total, with Germany, Great Britain and Japan figuring in smaller volume.

Hardware, Tools, Etc. (\$2,349,075).—The market for this class of product is principally divided between the United States and Great Britain, the former supplying some 60 per cent and the latter a little in excess of 30 per cent of the total demand. In general, it may be said that there is a steady market for all the usual classes of tools of the more simple kind, but complicated labour-saving appliances are not in great demand, except among the foreign firms

which are engaged in the development of the mining, oil, and transportation interests of the country. The management of these firms is quite modern in its requirements, but the native worker shows a preference for such simple tools as he has been accustomed to, which are capable of easy manipulation and local repair. The demand is sufficiently great to be worthy of attention, and would probably repay investigation by Canadian manufacturers.

Machines and Vehicles (\$7,412,610).—This comprises a large variety of mining, transportation and manufacturing machinery, the greater portion of which is purchased through their own organizations by the companies which require them. On account of the rapid development of the mining industry, mining machinery has been in great demand in recent years, and this demand has been met largely by the United States, where the bulk of the capital is owned; stamp mills, buckets, drills, hoisting machinery, excavators, portable track, light locomotives, mining cars, and pumps are a few of the items. Constructional machinery, such as concrete mixers, etc., is not in great use in Peru, partly on account of the class of building material employed, which consists largely of the local sun-dried mud brick known as "adobe." Neither is road-making machinery in great demand at present, though a few road rollers are in use in the larger cities; if road construction programmes (which have been proposed from time to time) materialize in the future, there should be a demand for such equipment, and the market will then be worthy of attention. Railway construction machinery may be needed in large quantities if the proposals of the present administration are carried into effect, and this matter should be carefully watched by Canadian manufacturers during the next year. Agricultural machinery of the type seen in Canada is not much used, the native farmer preferring the simplest kind of agricultural tools, which are usually sufficient for his purpose. There is a demand for motor trucks in some of the large cities, and a number of lines of motor buses are in operation in Lima. Automobiles were imported in 1920 to the value of over \$1,400,000, the greater part of the requirements being met by a well-known cheap American car. A number of other cars of light design are also found on the streets of the principal towns, but the heavy car of European manufacture is only met with at rare intervals, and then only among the most wealthy classes of the population. Among other items classified under the heading of Machines and Vehicles may be mentioned stills, scales, carriages, transmission machinery, printing presses, bicycles, and boats and vessels of various kinds.

Musical Instruments (\$593,050).—Phonographs and gramophones, together with discs for use with same, were imported to the value of over \$150,000 during the year 1920. It is stated, however, that the keen competition of numerous manufacturers has led to an over-supply of such instruments, and imports are unlikely to increase until present stocks are exhausted. The demand, however, is more or less constant, and with the improving prosperity of the country should continue to develop. Pianos were imported during the same year to the value of nearly \$300,000, and there is a demand for the player piano and the necessary rolls. In this connection it should be mentioned that the climate is very trying to stringed instruments, and a careful investigation as to the special construction required should be made before attempting to send instruments to Peru.

Arms and Explosives (\$1,504,100).—Sixty per cent of this item is accounted for by dynamite, blasting powder, and similar explosives for use in mines. The demand is met almost entirely from United States sources. Prior to the war, however, Great Britain and Germany secured a large portion of the orders, and it is reported that the former is still the only country from which a satisfactory

fuse for wet work can be obtained. Special precautions are taken in Peru in the handling of explosives, especially at Callao; boats are unloaded at a special wharf located at a distance from the city, and the materials are supervised by the Government until removed—thus the element of danger is as far as possible removed. Of other arms and explosives, ammunition was imported in 1920 to the value of \$115,000, and fire arms appear in the statistics in appreciable quantities. Fireworks also are shown in the classification to the extent of \$85,000, the demand being met almost entirely by China.

Electrical Supplies (\$771,816).—The electrical requirements of Peru are much greater than would be expected from the general condition of the country, and this is particularly so in the case of goods for electric lighting purposes; small cities and towns which appear to be in a backward state of development are frequently lit by electricity, the plant being of a fairly modern type. Mining plants are often equipped with electric light, and the machinery run by electricity where considerations of economy make this possible. Thus the demand for lamp standards, lamps, wiring, fuses, sockets and other accessories is substantial, and is bound to increase with greater building activity. The principal items in the statistics are wire (\$250,000), flexible cord (\$25,000), lamps (\$209,000), and telephones (\$55,000), but there is also a demand for batteries, electric fans and electric bells. The United States secured 60 per cent of the trade, Great Britain followed with 25 per cent, and the balance was supplied by Germany, Holland, Japan and other countries.

FOOD AND DRINK

Foodstuffs (\$20,744,385).—Of the numerous classes of products comprised under the general heading of foodstuffs, there are several that merit attention by Canadian exporters. Foremost among these may be mentioned wheat, which was imported to the value of over \$6,000,000 during 1920. The principal exporting countries were Argentine and Chile, which provided nearly 80 per cent of the total, the balance coming from the United States and Australia. Lard was imported to the extent of over \$2,000,000, the market being shared by China (Hong Kong) and the United States, and butter accounts for over \$500,000, with Chile and Uruguay the principal sources of supply. There is a large demand for canned fish of various kinds, such as salmon, sardines and oysters, and these account for a further \$2,100,000. Tea is largely consumed in Peru, the preference being for that produced by China, though India and Ceylon teas are almost equally popular. Taken in order of importance, the sources of supply are Hong Kong, Great Britain, the United States, East India and Japan. Condensed milk was imported to a value of over \$1,000,000, practically all from the United States. Wheat flour forms an important article of commerce, being imported to the extent of \$1,000,000, and the possibilities of the sale of the Canadian product in Peru merit careful investigation; practically the whole of the present supply comes from Chile and the United States. Of other foodstuffs, the most important are the following, the sources of supply being given in order of value:—

Chocolates, sweets and "candies," etc.	\$875,000	United States and Great Britain. .
Rice	850,000	China and the United States.
Olive oil	540,000	Spain and Italy.
Dried and fresh fruit	500,000	Chile, Ecuador, United States, China, France, etc.
Preserved meat.	450,000	United States, Great Britain, China, Chile.
Brandied fruits	275,000	United States and Chile.
Barley malt.	250,000	Chile and United States.
Cheese	175,000	United States, Chile, Uruguay, Holland, Argentine.
Salt	175,000	Great Britain.
Biscuits and cakes	150,000	Great Britain.
Oat, corn and rice flour	140,000	United States, Great Britain, Japan, Chile.
Oats	133,000	Argentine and Chile.

Beverages (\$2,922,090).—In common with most Latin Americans, the Peruvian is a moderate consumer of alcoholic liquors, and has a preference for light wines and beers rather than the stronger spirituous beverages which are popular in colder climates. Thus, the imports of clarets, burgundies, Chianti and other similar wines form the principal items under this classification. These, including sparkling wines, come principally from France (\$540,000), but Italy does a large trade (\$265,000), and Spain (\$223,000) almost as much. Of other countries, Chile exports to Peru a considerable quantity of light red wines of the claret type, her wines being well known in South America for their excellent quality and reasonable price (it is probable that as these become better known, this trade will increase); Portugal does a fair business in Port and other wines of the country, and Germany sends a small quantity of Rhine wines to Peru; other countries do a smaller trade. Spirituous liquors such as whiskey, brandy, gin, etc., were imported in 1920 to the value of about \$1,000,000, mostly from Great Britain, which accounts for 50 per cent of the total (these consist mostly of Scotch whiskeys of various well known brands); France followed with \$300,000, and Spain also did a satisfactory trade, amounting to \$120,000. Bitters, such as Angostura and similar products, were imported to the extent of nearly \$200,000, principally from France, with smaller quantities from Spain and Italy. With regard to beers, ales, etc., these account for the sum of \$215,000, three-quarters of the supply coming from Chile, Germany and Great Britain in approximately equal proportions. The consumption of these is principally among the foreign population, as Peru produces locally an excellent type of light beer which is able to compete with the imported article for all ordinary purposes. Of other beverages, soda waters, lemonades and similar non-alcoholic products were imported to the extent of \$200,000, principally from Great Britain. There is very little demand in Peru for such liquors as ginger beers and other so-called "temperance" drinks; but soda and other mineral waters for mixing with spirituous liquors are popular among foreigners. Neither is there a great demand for grape juices to any extent, although fruit syrups appear in the statistics to the extent of \$10,000. On the whole, it appears that a demand might be created in Peru for Canadian whiskies, but it would be difficult to introduce new brands of beer, ales, mineral waters or fruit extracts.

DRUGS, ETC.

Chemicals and drugs, etc. (\$3,608,583).—This item includes a large number of chemicals for use in mining and industry, and also a number of medicinal products, proprietary articles and "patent medicines" of every kind. The demand for the former, while not large, is fairly constant; with regard to the latter, the requirements of the country are considerable, and are probably likely to increase. The demand, however, as in other countries, has to be created by means of propaganda and advertisement.

The principal imports under this classification are as follows:

Cattle dips and insecticides	\$440,000
Quinine	375,000
Disinfectants	365,000
Calcium salts (carbonate, carbide, chloride, sulphate, including lime and plaster of Paris for surgical purposes)	265,000
Sodium salts (acetate, carbonate, bicarbonate, phosphate, etc.)	260,000
Sulphuric acid, commercial	180,000
Soda ash and similar products, including caustic soda for soap making	170,000
Essential oils and flavouring extracts	135,000
Alum	130,000
Potassium salts	110,000
Sulphur	100,000
Other inorganic acids (hydrochloric, nitric, carbonic, etc.)	90,000
Medicinal oils, such as cod liver oil, etc.	75,000
Medicinal roots	70,000
Copper sulphate	65,000
Ammonia and its salts (carbonate, chloride, sulphate)	50,000
Organic acids (phenic, citric, oxalic, tartaric, etc.)	45,000

The market is supplied principally from the United States and Great Britain. An examination of the statistics suggests that Canada could supply certain classes of acids, such as sulphuric, calcium carbide, plaster of Paris, carbonic acid gas, caustic soda, certain classes of disinfectants and cattle dips, and a number of proprietary articles. Competition, however, would be found to be keen, especially in the last named; with patience and energy, however, combined with suitable propaganda, a share of the trade should fall to the exporters of the Dominion.

Medical Specialties (\$1,038,010).—These include a large number of various classes of pills, tablets, syrups, elixirs, extracts, emulsions, medical salts, invalid foods, pomades and unguents, which cannot be specified in detail. The remarks made in the preceding paragraph will indicate the general tendencies of the market for this class of product.

Druggists' Sundries (\$277,735).—These include all articles of a medicinal nature not comprised in the two previous items, such as absorbent cotton, medical glassware, hypodermic and other syringes, belts, medicine cases, rubber goods, surgical instruments, etc. As will be seen, the demand is not great at present, and the trade is confined largely to the United States.

GENERAL REMARKS

In order to draw attention to the possibilities of trade between Canada and Peru, the following table is provided of the exports of the Dominion to various South American countries during the fiscal year ending March 31, 1922:

Exports of Canada to		Exports of Canada to	
Argentina	\$3,233,520	Colombia	127,820
Brazil	2,002,497	Peru	71,683
Venezuela	512,499	Ecuador	32,914
Chile	290,678	Bolivia	9,278
Uruguay	151,291		

It will be observed that, with the exception of Ecuador (a country about one-seventh the size of Peru), and Bolivia (which has no seacoast, and the imports of which necessarily pass through other countries), Canada exports less to Peru than to any other part of the continent. This cannot be attributed to lack of communication, for the difficulties of shipping to Chili are equally great, and in many other cases goods have to be transferred in transit. It would appear that Peru has hitherto been neglected by Canadian exporters, in spite of the great increase which has taken place in its foreign trade of recent years. In the meantime, Canada is by no means unknown in Peru, and many facts about its extent and productivity are accurately understood; as a manufacturing and exporting country, however, it is not yet appreciated, and comparatively few Peruvians realize the variety of its resources. Peru is a field which is for all practical purposes untouched, and one that offers real possibilities for many branches of trade in which Canada has already proved her ability to compete in the markets of the world.

IX

REGISTRATION OF TRADE MARKS AND LABELS, ETC.

The law governing the registration of names, trade marks and labels in Peru is similar in its general outlines to that in other Latin-American countries. For instance, the right to use a trade mark is granted to the first applicant, irrespective of whether it is his own property in other countries, and no examination is made officially to ascertain whether the mark is an imitation or copy of others for which application may already have been filed. The responsibility

for protecting a trade mark, label, or name thus falls entirely upon the original owner, and he has no remedy if registration is made in Peru by persons unauthorized by him.

It has occasionally happened that well-known brands of foreign goods have been sold in Peru without registration by the proprietors; the names of the brands have afterwards been registered by unauthorized persons, and the original owner of the brand has then found it necessary to enter into long-drawn-out legal proceedings in order to protect his rights. Under these circumstances, suitable precautions should be taken by Canadian exporters in this connection before goods are shipped.

WHAT CONSTITUTES A TRADE MARK

The Peruvian law covering what may be registered as trade marks is fairly liberal. It is laid down that they may consist of names of objects, names of persons when written in a special form, names of properties or places under private ownership when registration is made by, or with the consent of, the owners thereof; pictures or photographs of such persons or properties under similar conditions; emblems, monograms, engravings, sketches, seals, vignettes and reliefs; letters and numbers, if of special form; covers, containers, or receivers of the articles bearing the trade mark; and, in general, any design or mark which may serve to distinguish the products of a manufacturer, or goods of a definite kind, from all similar products of a different origin.

Certain designs cannot be used as trade marks, the principal ones being such letters, words, names or distinctive signs which are used or may be used by the state; the form or colour which the manufacturer may have given to his product; terms or expressions in general use; descriptions which are usually employed to distinguish the nature of the products, or the class to which they belong; geographical names when used alone, and expressions or designs of an immoral nature; the use of the Red Cross is also prohibited.

PERIOD OF PROTECTION, TRANSFERS, ETC.

Registration of a trade mark is valid for ten years. Within six months of the expiration of this period, registration may be effected for a further period of ten years, the same formalities being observed as in the case of the original registration.

Ownership of a trade mark, etc., may be transferred either by agreement or by will. It may also be transferred along with other assets in cases where proprietorship of the firm or establishment changes, unless the contrary is expressly stipulated by written agreement. Such transfers must be recorded in the offices of the Minister of Fomento at Lima, in accordance with specified routine.

Priority in ownership of a trade mark, etc., is determined by the date upon which application for registry is made. Every infringement of trade mark rights is punishable by certain specified fines, or by imprisonment up to a period not exceeding six months; in case of a repetition of such infringement, the penalties may be doubled.

FORM IN WHICH APPLICATION MUST BE MADE

Application for registration of trade marks should be made to the "Minister of Fomento," in Lima—an office which has no exact counterpart in Canada, but may roughly be translated as "Minister of Development." An arrangement has, however, been made whereby certain Peruvian consulates in foreign

countries may also receive applications, among which is the Consul General in New York; the most convenient method for Canadian manufacturers to adopt would be to communicate with that office, thus avoiding the difficulties due to distance, and to correspondence in a foreign tongue.

A special form of application is required, which may be obtained from the consul, and must be accompanied by the following:—

- (1) Four copies of the trade mark of which registration is desired.
- (2) A detailed description of same, which must be provided in duplicate.
- (3) A "cliché" (electrotype) of a maximum area of twenty-four square centimetres, prepared in such a form that it will reproduce the trade mark by means of an ordinary printing press.
- (4) A receipt for the expenses of registration, which will be provided by the consul on payment of same.
- (5) A clear and definite statement, upon each of the copies of the description referred to in No. 2 above, of the name of the goods to which the trade mark refers, and of the type of product in accordance with the classification adopted by the Peruvian Government. Information in regard to the latter point will be provided by consular officers.
- (6) Original of power-of-attorney, if the applicant is acting on behalf of others.

(7) If the trade mark contains the name of a firm or person, portraits, facsimiles of signatures, etc., which are not those of the applicant, written permission for the use of same must be attached to the application.

(8) Similar written permission from the proprietor must be obtained when the trade mark bears the name of any private property.

All of the above documents are required for each label, trade mark, etc. Thus, if more than one registration is required, a complete set of documents is required with each, and no reduction is made in the fees for each application.

The above documents, on completion, are forwarded to Lima, after which the application is published in the official Government gazette (*El Peruano*), and in due course the corresponding certificate of ownership is issued. This certificate not only grants full proprietorship for a period of ten years in the original trade mark, but also permits the owner to proceed against any one seeking to register, or using, any mark which might be confused with it in the mind of the public.

The charges made by the Government for registration of trade marks are very reasonable, amounting to about ten dollars only (Canadian currency); additional expenses for the employment of a lawyer, consular fees, etc., will increase this amount, but the total is not excessive, and the protection afforded is well worth the expense.

REGISTRATION OF NAMES

The names of individuals, business houses, limited companies, and, in general, of any person or association which is engaged in trade, may form the subject of ownership and registration, in the same manner as outlined above. Any such person or association has the right to request the registration of its name or title, but at the same time such action is not absolutely essential in order to enjoy the benefits of the commercial law of Peru. The exclusive right to the use of the name so registered terminates with the cessation of the business to which it refers, or with the closing of the factory or other commercial establishment to the proprietors of which it has been granted.

X

COMMERCIAL REPRESENTATION IN PERU

A Canadian exporter, desirous of introducing his products into Peru, will naturally have to consider the type of organization which will most effectively promote his interests. No general rule can be laid down in this connection; the commercial development of the country has not yet reached that stage where a definite system of representation has evolved as being best suited to the genius of the people, and thus the observations made below are subject to qualification in individual cases.

GENERAL ORGANIZATION

Of the various methods adopted for the purchase and distribution of foreign goods, the following comprise the most usual:

Direct Sale to Consumers.—Many mining, transportation and similar companies, engaged in operations of an extensive character, obtain a substantial portion of their equipment and supplies direct from the foreign manufacturer or exporter, without the employment of intermediaries. In some cases they maintain their own purchasing departments, which may be located either in Lima or the capital of some foreign country (usually New York or London), depending upon the nature of their organization. The machinery purchased by such companies would naturally be obtained direct, although negotiations might be conducted through the representatives of the foreign manufacturer. Supplies of a standard character, such as explosives, oils, etc., would be purchased by means of long contracts, usually for six months or a year's requirements at a time, and being ordered in large quantities, the lowest possible prices would be secured. Contracts of such a character naturally run into large figures, and there is keen competition to secure them. The most suitable method for Canadian exporters to adopt in such cases would be to communicate with the head offices of the companies concerned in order to ascertain where the purchasing offices were located, and then deal direct, either by correspondence or verbally, with the purchasing agent. It should be borne in mind that purchasing agents usually have a preference for dealing with manufacturers in those countries in which the capital stock of the company is owned, or with which they are personally familiar; their duties, however, compel them to buy in the most favourable market, and it has been found that a Canadian manufacturer usually receives sympathetic hearing, if the quality and price of his product is competitive.

Direct Sale to Importers.—A large volume, probably the greater part, of the import business of Peru is in the hands of a limited number of trading firms, who act as both exporters and importers. These firms in the majority of instances have been established for many years; they are thoroughly familiar with the requirements of the country, are engaged in business on the most extensive scale, and have their own sales forces and organization for the distribution of the foreign products in which they are interested. Such firms frequently import on their own account, storing the goods in warehouses and selling at such prices as they can obtain in competition with other similar firms. They usually act as agents for a limited number of the best foreign manufacturers, and obtain products of each kind from one manufacturer only, being under contract not to sell for rival houses. As an instance of the wide ramifications of the business of such houses, one prominent importer has different departments of his organization devoted to the sale of such various products as groceries, hardware, furniture, paper, cement, sacks and bags, iron and steel,

typewriters, carpets, rice, automobiles, electrical supplies, mining machinery, agricultural machinery, lumber, coal and oil. A connection on the part of a Canadian manufacturer with such houses would naturally be advantageous, and would well repay any effort devoted to securing it. Its advantages are that individual sales are usually large, and being made to one responsible house only, no difficulty need be anticipated with regard to credits and collections; further, no sales organization is required on the part of the manufacturer, this matter being attended to by the importer. The disadvantages are that sales are limited to the customers of the importing house in question, and more extended credit terms are usually required by houses of this character than manufacturers are frequently willing to grant; in addition, prices may be cut to a finer point than if sales were made by another method.

It may be mentioned that such houses may also sell on a commission or consignment basis, but it does not appear that this method is so common as that above outlined.

Resident Agents.—Some large manufacturers have their own sales organizations in Peru, who are paid on a salary and commission basis, and devote themselves exclusively to the interests of their head office. It is obvious that firms adopting this method of sale must be manufacturers on a large scale, with a wide demand for their goods, otherwise their sales would not pay for the expenses involved in the maintenance of offices, warehouses, and selling organizations, etc. The method does not appear to be widely adopted, and is not recommended to Canadian manufacturers except in special cases.

Manufacturers' Representatives.—The method of appointing a manufacturers' representative, while frequently adopted, is not so common in Peru as in other South American countries such as the Argentine Republic, where it is preferred to all other systems, and in fact is frequently essential.

The manufacturers' representative, as a rule, does not carry stocks of merchandise other than a few samples of the goods which he is selling, and may work with a limited capital, or none at all. He calls upon importers, consumers, merchants and other likely customers, selling direct to them on behalf of his principals, and receiving his remuneration solely through commissions earned. He is sometimes authorized to incur certain expenses for advertising or travelling in addition, but this is unusual, and he generally expects to pay for such items out of his earnings.

A good representative of this character is frequently of great value to a foreign manufacturer of lines adapted to this particular method. In addition to selling goods on commission, he will protect his principal's interests by dealing only with reliable clients, and will act as a collector of accounts; he is usually in a position to give sound information as to the tendencies of the markets, and not being limited to any particular circle of customers, can sometimes secure a larger volume of orders than is possible if the agency is placed in the hands of importers. On the other hand, he is not always an expert on the goods which he is selling, and being unable to carry stocks may lose orders through the time taken to secure delivery.

Travelling Representatives.—A manufacturer, or group of manufacturers, frequently send a representative from the head office to travel throughout foreign countries and secure orders. In some countries this method is ineffective, as buyers will not deal with any one but agents or representatives resident in the country. It has been found in Peru, however, that these objections do not apply; and there are many products which can be readily sold by a travelling representative who is energetic, and understands the proper method of approach and the customs of the country.

Such a travelling salesman should have a good command of the Spanish language, preferably obtained in the country which he visits, and should also be a man of education and address; a British subject is usually acceptable to Peruvians, and a native of Latin America (subject to certain qualifications) equally so. In any case, the question of nationality merits careful consideration, and no appointment should be made without reference to someone who has visited the country, and is in a position to understand local prejudices.

Selling by Correspondence.—This method cannot be recommended to manufacturers desiring to introduce their goods into Peru, except in special cases, or as a preliminary to the adoption of other methods. The large importers usually have already made their connections, and do not desire to change. The manufacturer's representative also, if a responsible man, usually has similar connections, and requires much more information than can usually be provided by correspondence before he is prepared to accept new agencies. The local merchants generally do not understand correspondence when conducted in English, and cannot read English catalogues; they frequently will not take the trouble to clear samples from the customs when such are sent to them for examination.

At the same time, it must not be inferred that correspondence must invariably result in failure to secure orders; it is quite possible to make connections by this means, but this method is not likely to be as productive of good results as others outlined above.

METHODS OF SALE

The following list represents some of the most important articles of consumption in Peru, together with suggestions as to the most appropriate method of securing a share of the trade:

Dry Goods.—Can frequently be sold by travelling salesmen, especially in staple lines. Visits should be made to buyers at frequent intervals, say, once every six months. For certain classes of dry goods, the method of appointing a manufacturers' representative is successful.

Foodstuffs.—Certain classes of foodstuffs can be sold by a travelling salesman. Both manufacturers' representatives and importers may also be employed. The demand is large, and energy and ability in salesmanship is more important than the particular method adopted.

Cosmetics, Perfumes, etc.—A manufacturers' representative is usually required, so that he may keep in constant touch with his customers and anticipate his wants. Competition is keen, and in the absence of a local representative, orders are likely to go to firms who are the most energetic and pushful. Advertising is of a great assistance in the sale of this class of goods.

Proprietary Medicines.—A manufacturers' representative, combined with aggressive advertising, is generally necessary to secure a large share of this class of business. Orders may be secured by a travelling salesman if the goods are well advertised, but otherwise no great volume of business can be expected.

Heavy Chemicals.—Are preferably sold through the large importers, who are in a position to keep stocks on hand. Manufacturers' representatives may also be able to accomplish sales, but not so satisfactorily.

Pneumatic Tires, etc.—A resident agent is required, in a position to keep stocks, and preferably with a retail store. The business may be combined, and indeed should be, with that of an automobile agency, or agency for other automobile accessories.

Automobiles.—A resident agent is required, who should have a fair stock of machines on hand.

Motor Trucks.—A resident agent is also required in many cases, but importing houses will frequently act as agents, provided they are supplied with trucks which they can use for exhibition and demonstration purposes. In the case of both automobiles and motor trucks, it is quite useless to attempt sales without having machines available for demonstration.

Lumber.—May be sold by a manufacturers' representative, or direct to the large importing firms who make a specialty of the business. This is one of the few lines in which sales might be made by correspondence, the material being standardized, and the quality produced by different manufacturers not being subject to variation.

Furniture.—Should preferably be sold by an importer, who has a retail store where the goods can be exhibited.

Phonographs, Pianos and Musical Instruments.—These also would have to be sold by a firm having a retail store where the goods could be stored, exhibited and examined by prospective customers. A personal call upon the proprietors of such stores would generally be the most effective way of introducing the goods, and it is possible that correspondence, accompanied by catalogues, might also be of assistance in exceptional cases. Competition is keen, especially from the United States and Germany.

Paper and Cardboard.—A manufacturers' representative, selling direct to merchants and consumers, or a large importer, would offer the best means of success. In the case of newsprint, in which contracts are made in advance for considerable periods of time, direct communication with the proprietors of the newspapers might be effective, but correspondence should be followed up by personal calls where possible. Wall paper should be exhibited in retail stores, as sales depend entirely upon the personal taste of the purchaser. Playing cards can be sold by travelling salesmen without difficulty, and local stocks are not necessary.

Cement.—Most of the large importing houses have agencies for some brand of cement, and the most effective method of sale is through such houses. Local stocks are generally necessary so that orders may be filled on demand.

Paints, Colours and Varnishes.—May be sold by travelling salesmen, a manufacturers' representative, or through importing houses.

Tools and Hardware.—Some types of tools and hardware may be sold by a manufacturers' representative from samples on hand. The importing houses also act as agents in many cases. It is obviously desirable that such goods should be on exhibit in retail stores, and the method of getting them into such retail stores is not so important as their actual display.

Constructional Steel and Ironwork.—In some cases this is sold through manufacturers' representatives and resident agents, and in others through importing houses; much depends upon the class of steel or ironwork required. In any case, it is essential to have some one permanently on the ground to watch the market, and take advantage of the opportunities which present themselves.

Machinery.—This class of product is usually sold through importing houses who are in a position to carry stocks. In the case of prime movers particularly, little can be done unless the machines are on exhibition, and can be examined by prospective buyers. It is obvious (for instance) that a Peruvian would not pur-

chase a gasoline engine which he had never seen. Exceptions may be made in the case of large machinery, such as locomotives, hydro-electric and mining machinery, etc., of such large size that stocks are impracticable; in such cases purchases would be made from manufacturers whose products were well known, and whose reputation was above suspicion.

Railway Materials.—Communication should be made with the purchasing agents of the companies concerned, either direct or through a resident agent. Many supplies are purchased by means of time contracts, covering requirements for six months or a year, and the market is thus one of considerable value.

SUGGESTED ROUTINE

As a guide to the method which appears to hold out the best chances of success, it is suggested that a manufacturer wishing to secure orders from Peru should first send a responsible representative to the country to look over the ground. A visit by such a representative would cost from \$1,200 to \$2,000 (Canadian currency); and this cost, if shared by several firms in different lines of business, would of course be proportionately less. Also, if other countries were visited on the same trip, the cost applicable to any particular area would be still further reduced. This representative, after looking over the general situation, and if desirable, acting as salesman for his principals, could then approach the various large importing houses with a view to appointing one of them as his resident agent, or could approach various manufacturers' agents with the same object. The necessary financial arrangements, and the general terms of the contracts entered into, would naturally be a matter for negotiation.

The arrangement of a connection by this means, although expensive at the outset, affords the best method of securing a share of Peruvian trade, and should be adopted in all cases where the cost is not considered prohibitive.

DUTIES ON SAMPLES

It must be borne in mind that travellers' samples are subject to full duties in Peru, and proper documents must be presented before the customs authorities, except in such cases where the goods are admitted free according to the tariff. The samples may remain in the country for three months, within which period all duties paid will be refunded upon re-exportation. After three months, however, the Government reserves the right to retain the duties paid.

Certain head taxes are levied upon commercial travellers, but these are very light, and should not amount to more than a few dollars in any individual case.

TERMS OF CREDIT

Prior to the war, satisfactory terms were usually obtainable by Peruvian importers, but during that period, and especially after the business depression of 1921, credit practically disappeared, and any business done was usually for cash or on the basis of confirmed letters of credit. The only exceptions were in the cases of old established, wealthy and well-known firms, whose financial standing was beyond all question.

There are indications that a more liberal policy is now being adopted by manufacturers, and it is stated that certain British and German firms are prepared to grant as much as six months' credit, to approved houses; this, however, must be taken as exceptional, and probably applies to firms which are endeavouring to regain the trade lost during the war. In general, the most usual terms are from 60 to 90 days sight draft, 120 days being granted only to houses of the highest repute. Articles in steady demand, which are not likely to

remain in stock for extended periods, may be sold for cash against documents, and heavy construction materials, such as lumber, cement and steelwork, are sometimes sold on terms which require a percentage of the value of the order to be paid before delivery. Some manufacturers are reported to be asking for all cash in advance, but such a policy is leading to loss of business, and in view of the keen competition which at present exists will probably have to be abandoned.

On the whole, Canadian manufacturers must expect to be asked for from 60- to 90-day terms, and there is little danger in granting time to this extent, provided that proper inquiries are made as to the financial responsibility of the customer, and goods shipped only to houses of unquestionable standing.

XI

ADVERTISING IN PERU

The science of advertising is not highly developed in Peru; methods which have been found to be highly successful in other countries are still practically unknown, or, if known, have not yet been adopted on a wide scale. For instance, the electric sky line or flashlight is conspicuous by its absence, even in the capital. The billboard is seen infrequently, although a substitute is found in roughly painted advertisements on the numerous "adobe" walls and fences which are a feature of the landscape near all large towns. Blank walls of houses occasionally bear announcements drawing attention to certain articles of common consumption and use, and advertising in street cars or motor buses (both inside and outside) is practised to a certain extent. A few advertisements may be seen in railway stations and along the tracks, and these are becoming more common, although their possibilities are still unworked to the full extent. Display signs in store windows are seen as in other countries, and form a useful means of drawing attention to certain classes of goods. In a few cases the hills which rise inland behind the seaports bear simple announcements, apparently hundreds of feet high, outlined in white chalk and other material, and visible far out to sea.

Newspaper advertising, however, forms the most popular method of drawing attention to articles for which a sale is desired, and it is probable that such advertisements would produce better results than all others combined. A Canadian exporter desirous of advertising in Peru is therefore recommended to devote his energies in the first place to this form of propaganda.

PERIODICALS SUITABLE FOR ADVERTISING

A list of the principal newspapers of Lima, with details concerning each, and advertising rates, has been forwarded to Ottawa and may be obtained on application to the Director, Commercial Intelligence Branch, Department of Trade and Commerce, quoting file No. 28615. It is not suggested that a Canadian exporter should communicate direct with the newspapers referred to on the above list when making arrangements for advertising in Peru. There are many difficulties encountered which cannot be overcome except by an agent on the ground, and the best method of procedure, therefore, would be to place advertising in the hands of a reputable firm in Lima which makes a specialty of such work and is familiar with local conditions.

Among the difficulties are those of language and the composition of advertisements which would attract the attention of the local population. The latter is a highly important point, and the need of suitable letterpress and illustrations cannot be too strongly emphasized. Technical names of certain products vary in different Spanish-American countries—even such common products as lumber and pneumatic tires bear entirely different names in Peru and (say) Mexico; ordinary methods of expression also vary in the various republics, and

thus the composition of an advertisement becomes a highly technical study, which can only be performed by an expert. The necessity of avoiding illustrations which would be either offensive or unattractive from the Peruvian point of view must also be borne in mind.

In addition to the above, an advertising order of any size is frequently conducted by personal negotiation, the standard rates being subject to wide variation in many instances. In some cases foreign advertisers are charged excessive rates, and certain papers are reported to refuse foreign advertising altogether, unless the name of the local representative of the advertiser appears in a prominent position in the letterpress.

The employment of a suitable agent is a matter of some importance. In some cases, the manufacturers' representative or the importing firm engaged in the sale of the goods can obtain satisfactory results; publishers frequently give mercantile firms the same discounts as are allowed to their own solicitors and advertising agencies, and very reputable and long established commercial houses may receive special discounts and commissions in excess of published lists. On the other hand, this custom sometimes enables such representatives to secure for themselves a considerable percentage of the appropriation allowed for advertising purposes, and also has a tendency to induce them to distribute their advertisements among those publications giving the largest commissions without regard to the real value of the medium themselves.

On the whole, then, it is suggested that Canadian exporters should communicate with a reputable advertising agent, forwarding copy to him, and acting on his advice to the fullest possible extent. As a preliminary measure, in the case of unknown articles, newspaper advertising affords the best chances of success, but well known and established goods could be advertised by other means, such as are afforded by street cars, railway stations, or window display.

The names of suitable advertising agents have been forwarded to Ottawa, and may be obtained on application to the Director, Commercial Intelligence Branch, Department of Trade and Commerce (quoting file No. 28615).

XII

PACKING

The question of packing is one which requires the most careful attention. It must be borne in mind that conditions exist in Peru which impose upon exporters certain obligations which cannot be avoided if a successful trade is to be built up. In the first place it is essential that any definite instructions which may be given by the purchaser be followed to the letter. No exporter can foresee the conditions of travel and handling to which his goods are liable to be subjected, and special instructions, which are frequently given, always have some definite reason. The crossing of the tropics may work injury to certain classes of goods unless specially protected, and handling in the Panama Canal Zone sometimes necessitates additional protection. Further, as has already been explained, most of the ports in Peru are open roadsteads, and goods have to be lightered to the shore, sometimes three miles away; during this lightering there may be (and usually is) a heavy swell, which may be as much as twenty feet in height, and a falling case, coming into contact with the bottom of a rising lighter, must be exceptionally strong if it is to withstand the shock. Even when the shipment is safely loaded on to the lighters, it is liable to damage by water when being transferred to shore, and again when taken from the lighters to dry land. It may next have to be transferred to a warehouse, thence to railway cars, and after a railway journey may have to be carried long distances into the mountains on the backs of animals. Thus a single package may have to be handled a dozen times between the factory and its final destination; it may meet with the most varying conditions on its travels, all of which must be

foreseen by the buyer but cannot be known to the exporter; the latter therefore must be guided by the packing instructions given with the order, and adhere to them to the smallest detail.

If no special instructions are given, the above circumstances should be borne in mind by the exporter in all cases, and suitable protection provided, when packing, against (1) damage by heat when passing through the tropics, (2) damage by water when lightering, (3) damage by collision or carelessness in unloading, and (4) pilferage.

Another point which deserves attention is the fact that the method of packing goods may have a considerable effect upon the amount of duties payable on the consignment. It has already been explained that customs duties are usually based upon weights, irrespective of values; the weights of different classes of goods are calculated in different ways. There are three methods in common use, as follows:

Net Weight (Peso neto).—This is the weight of the merchandise itself, without containers or packing of any kind. Where duties are levied upon the net weight of a consignment, it is obvious that the method of packing will have no effect upon the amount of such duties, and from this point of view no special precautions need be taken to keep the packing cases light in weight.

Legal Weight (Peso legal).—This is the weight of the merchandise plus the weight of the immediate containers, but exclusive of the outer packing; thus, bottles containing liquors would be dutiable upon the weight of the bottles plus their contents, but the packing case and the material packed between the bottles to prevent damage would be exempt. A consignment of shoes, each pair packed in a cardboard box, would be charged upon the weight of the shoes plus the boxes, and so on. In such cases, it is desirable that the immediate containers should be as light as possible, but the packing case may be as heavy as is considered necessary. Where duty is levied on the basis of the legal weight, it is a common custom to omit containers altogether, the goods being shipped in bulk, and placed in their final containers after arrival. Thus wines may be shipped in barrels, and bottled in the country after arrival; paints are imported in a dry state, but mixed and put up in cans locally. Similar possibilities will occur to any exporter, the point to bear in mind being that the greater the weight of the containers as compared with the weight of their contents, the higher becomes the duty in proportion to the value of the goods.

Gross Weight (Peso bruto).—This is the total weight of the goods, plus the weight of all containers and packing: in other words, the weight of the packing case and contents combined. If the duty is calculated upon this weight, it is clearly desirable that the packing case should be as light as possible consistent with absolute safety, in order to avoid paying duty upon a quantity of useless lumber. It is sometimes difficult to hold an even balance between the interests of the exporter and those of the importer where duty is charged upon gross weights; the former is naturally desirous of using strong heavy packing so that the goods may arrive in good order, while the latter naturally wants as light packing as possible so that he may avoid excessive duties.

It is impossible to lay down any general rule as to the methods of weighing adopted by the Customs Department, and in fact it is difficult to find any logical principle underlying these methods. The only way to ascertain the best method of packing from this point of view is by reference to the tariff itself. In cases where a copy of the tariff is not available, the information may be obtained by communicating with the Director, Commercial Intelligence Branch, Department of Trade and Commerce, Ottawa.

[Owing to the fact that a new customs tariff went into force in Peru on July 1, 1923, i.e., after Mr. Wilde's report was written, certain material relating to customs duties etc., has been deleted.]

INDEX

	PAGE		PAGE
Advertising..	41-42	Electrical supplies:	
Periodicals suitable for.. . . .	41	Imports and market for.. . . .	31
Agriculture..	10-13	Explosives:	
Commodities produced (details).. . .	10	Imports and market for.. . . .	30
Exports..	20	Export:	
Animals and animal products:		Duties..	21
Imports and market for..	24	Of agricultural products..	20
Area..	58	Of mineral products..	20
Arms:		Statistics (1920)..	20
Imports and market for..	30	Finance (public)..	17
Automobiles:		and trade..	16
Methods of sale of..	39	Flour mills..	16
Banking:		Foodstuffs:	
Names of institutions..	18	Imports and market for..	31
Boundaries disputed..	59	Sources of supply for..	31
Brewing..	16	Methods of sale of..	38
Canada..	23	Foreign trade..	18-19
Imports from (1920)..	23	Graph (showing imports and exports	
Exports from, to various South Ameri-		1890-1920)..	19
can countries (1922)..	33	Fruits..	12
Cardboard:		Fur:	
Imports and market for..	27	Imports and market for..	24
Methods of sale of..	39	Furniture:	
Cement:		Methods of sale of..	39
Methods of sale of..	39	Gold..	15
Chemicals and drugs:		Hardware, tools, etc.:	
Imports and market for..	32	Imports and market for..	29
Methods of sale of..	38	Methods of sale of..	39
Climate..	6	Hides and skins:	
Coal..	15	Imports and market for..	24
Coca..	12	History:	
Cocoa..	12	The three periods of..	7
Coffee..	12	Imports:	
Colours:		By classes..	24-33
Methods of sale of..	39	From Canada (1920)..	23
Communication with Canada.. . . .	10	General remarks on..	33
Constructional steel and iron work:		Origin and destination of.. . . .	21
Methods of sale of..	39	Statistical information (1900-1920) ..	22
Copper..	14	Industrial products:	
Cosmetics:		Imports and market for..	24
Methods of sale of..	38	Ironwork (constructional):	
Cotton:		Method of sale of..	39
Cultivation of and market for.. . .	11	Ivory (vegetable)..	13
Cotton goods:		Jute:	
Imports and market for..	25	Imports and market for..	26
Credit terms..	40	Labels and trade marks:	
Currency..	16	Registration of..	33
Direct sale to consumers..	36	Linen:	
Direct sale to importers..	36	Imports and market for..	26
Drugs and chemicals:		Live animals..	24
Imports and market for..	32	Live stock..	13
Druggists' sundries:		Lumber:	
Imports and market for..	33	Imports and market for..	26
Dry goods:		Methods of sale of..	39
Methods of sale of..	38	Machines:	
Duties:		Imports and market for..	30
On exports..	21	Methods of sale of..	39
On samples..	40	Maize..	12
Earths and stones:		Manufactures..	15-16
Imports and market for..	29		

	PAGE		PAGE
Manufactured goods:		Samples:	
Imports and market for.. . . .	25	Duties on.. . . .	40
Manufacturers' representatives.. . . .	37	Selling by correspondence.. . . .	38
Medical specialties:		Silk, natural and artificial:	
Imports and market for.. . . .	33	Imports and market for.. . . .	24
Metals:		Shipping services.. . . .	10
Imports and market for.. . . .	28	Silver.. . . .	14
Methods of sale.. . . .	38-41	Steamers.. . . .	9
Mineral resources.. . . .	13-15	Steel (constructional):	
Minerals:		Methods of sale of.. . . .	39
Exports.. . . .	20	Stones and earths:	
Imports and market for.. . . .	27	Imports and market for.. . . .	29
Mining.. . . .	5	Straw:	
Motor trucks:		Imports and market for.. . . .	26
Methods of sale of.. . . .	39	Sugar production.. . . .	11, 16
Musical instruments:		Terms of credit.. . . .	40
Imports and market for.. . . .	30	Textiles.. . . .	16
Methods of sale of.. . . .	39	Timber.. . . .	13
Names:		Tobacco.. . . .	12
Registration of.. . . .	35	Tools, hardware, etc.:	
Packing.. . . .	42-43	Imports and market for.. . . .	29
Paints:		Methods of sale of.. . . .	39
Methods of sale of.. . . .	39	Trade:	
Panama hats.. . . .	13	Export.. . . .	20-21
Paper:		Foreign.. . . .	18-19
Imports and market for.. . . .	27	Import.. . . .	21-33
Methods of sale of.. . . .	39	Trade marks and labels:	
Petroleum.. . . .	14	Registration of.. . . .	33-35
Perfumes:		Trade marks:	
Methods of sale of.. . . .	38	Form in which application must be	
Periodicals:		made.. . . .	34
Suitable for advertising.. . . .	41	Period of protection and transfer of..	34
Phonographs:		Travelling representatives.. . . .	37
Methods of sale of.. . . .	39	Vanadium.. . . .	14
Physical characteristics:		Varnishes:	
The three zones: Andean, Coast, and		Methods of sale of.. . . .	39
Forest.. . . .	5-6	Vegetables.. . . .	12
Pianos:		Vegetable ivory.. . . .	13
Methods of sale of.. . . .	39	Vegetable products.. . . .	25-27
Pneumatic tires:		Vehicles:	
Methods of sale of.. . . .	38	Imports and market for.. . . .	30
Population.. . . .	8	Weights:	
Proprietary medicines:		Gross.. . . .	43
Methods of sale of.. . . .	38	Legal.. . . .	43
Railway material:		Net.. . . .	43
Methods of sale of.. . . .	40	Wheat.. . . .	11
Railways.. . . .	9	Woodwork.. . . .	16
Representation.. . . .	36-41	Wool:	
Resident agents.. . . .	37	Imports and market for.. . . .	24
Rice.. . . .	11-16	Writing material:	
Roads.. . . .	10	Imports and market for.. . . .	29
Rubber.. . . .	13		

